

# Chapter 13

## Knowledge, Knowledge Management, and Business Partnerships in SME Business Intelligence: A Romanian Case Study

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### ABSTRACT

*This chapter presents the knowledge, knowledge management, and business intelligence concepts in order to analyze the small and medium-sized enterprises. The partner evaluations and selections aimed to build a business partnership at the SME level is an activity that will lead both to increase SME competitiveness and to increase SME adaptability to market demands. In recent years, the Romanian SME investments needed to implement a knowledge management system are closely related in terms of ICT facilities and existing software, personnel qualification, the objectives, and the chosen technology solution implementation. The knowledge-based system for the partner evaluations and selections presented in this chapter were implemented at the Department of Engineering and Foreign Languages and the UPB-PREMINV&CTTM research centers from University “Politehnica” of Bucharest, in a university – SMEs partnership.*

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## INTRODUCTION

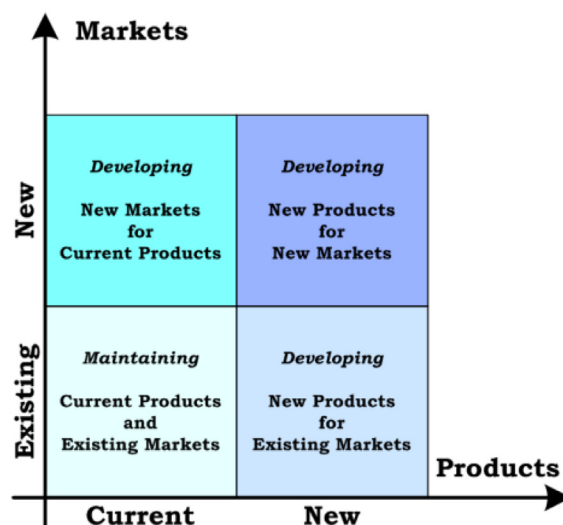
The small and medium sized enterprises (SMEs) play an essential role in the European economy as a source of entrepreneurial skills, innovation and job creation. The market analysis for the European countries states that 99% of companies in the EU are SMEs – companies with a maximum of 250 employees and a maximal turnover of € 50 million (see Figure 1). In the European Union (Europe has 23 million SMEs and 41 000 large companies) SMEs employ more than 65% of all employees. During past years, SMEs have created 80% of the new jobs in the EU (IP/08/1003 Brussels, 25<sup>th</sup> June 2008). Therefore, support for the SMEs is a priority of the European Commission for economic growth, job creation and economic and social cohesion.

Although it is widely recognized that SMEs are currently the most generous source of jobs, both in Romania and in western countries, to direct attention to SMEs only as an instrument of absorbing labor means to reduce their role in the economy and society because SMEs foster the creation and development of a culture of compe-

tion based on high flexibility and productivity. SMEs meet the multiple economic, technical and social functions (Rosu & Dragoi, 2012), such as:

- Generate the greater part of GDP in each country, usually between 55% - 95%;
- Provide jobs for the majority of workforce;
- Produce a large percentage of the relevant technical innovations in the economy;
- Have the highest market dynamism in the economy, a situation emphasized by the evolution of their number, the volume of turnover and size of employment - higher than the figures corresponding to the large companies;
- Produce products and services at lower costs than large companies, the main factor causing this difference are lower costs;
- Show higher flexibility and adaptability to market requirements and changes favored by smaller size, faster decision-making process, specifically due to the entrepreneur and to his direct involvement in ongoing activities;
- Are the seeds for future large firms, particularly in new areas of the economy?

Figure 1. The SMEs market strategy matrix (Rosu & Dragoi, 2012)



Both researchers and experts in SMEs entrepreneurship have shown, after numerous studies, the establishment of new SMEs is a key element in the development and economic revitalization. Newly created firms on the one hand create jobs and on the other hand contribute to business development, having a positive impact on economic growth. In every country there is a direct proportional relationship between growth rate and the rate of SMEs entrepreneurial activity. Therefore, in many countries, the central and local government, regardless of political color or ideology, create and implement programs and public policies to stimulate and financially support the establishment of new enterprises, especially SMEs, considered to be the “economy’s engine”. Researchers have noted the role of SMEs in international trade,

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