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The importance of logistics and supply chain management in the enhancement of Romanian SMEs

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Abstract

The globalization and the development of the economy as a process enable the creation of a single market and in this process logistics is an important tool. A market with well-organized logistics and supply chain management facilities has a qualified advantage over other economies, whereas improving logistics infrastructure may serve as a competitive tool and is also effective in rising market share. More than a few studies show that the small and medium sized enterprises (SME) are working on these improvements. Moreover, we believe that trade logistics and supply chain management are needed by emerging countries in order to improve their competitiveness as by obtaining the advantages of globalization they will be able to address shortage issues more efficiently in the entire world. The success in combining international supply chains starts with the capability of companies to move goods across borders faster, in a more consistent manner and cheaper. The Romanian economy aims to join worldwide trends and development, rather than successively joining the Romanian market to the European one and then towards the world market. This paper aims to investigate how logistics can be considered as a tool for developing the activity of small and medium sized Romanian enterprises that in turn will enhance the good organization of the business and create an additional business chance.

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1. Introduction

The effect of the 2008-2009 world economic crisis is perceptible in Romania: high unemployment rate, while the Romanian Leu (RON) is weak. Companies have to face the fact that not paying notice to their costs and performance will not allow them to stay on the market. The clients' needs are consistent and possibly more challenging than before. The use of logistics tools and supply chain management is regarded as among the best ways to improve business. (Lakatos & Németh, 2013).

The present background is that of great business opposition and of a gradually, dynamic, and globalized economy; companies need to find procedures and management methods that increase the development of efficient organization with enhancing results. This paradigm has been the subject of several studies, which focused their attention to the the purpose and the different effects as well as the meaning of each of the companies' competitive achievement (Stock et al., 2000; Banon & Sanchez, 2002; Norek et al., 2007).

Supply chain management is a holistic advance to request, source, and purchase logistics process administration. It is a network which consists of all parties concerned directly or indirectly. This includes the company, supplier, seller, client and so forth, in producing and delivering goods or services to final clients both on upstream and downstream level. (Thoo et al., 2012). The field of supply chain management has been evolving fast. Currently, it focuses on internal integration, as both supplier and client seek to reach high levels of performance.

As the world's economies become more unified and supply chains expand worldwide, attention in transportation mode selection for cargo is gaining the interest of scholars and practitioners. The administration of transport in the organizations aims on making decisions about how to move resources and finished goods between several points of certain businesses' network. As a part of logistics, prospect about the performance of transport services have become more intricate. The perception of high level service was tied with the efficient movement of raw materials and finished goods between various geographical points (Ricardo S. M et al., 2010).

The transport activity may represent from one third to two-thirds of total logistics costs. Thus, an important part of business competitiveness is in the correct design and implementation of transport strategies, with greater or less impact, depending on the type of business. Additionally, such a strategy of operations should be aligned with corporate strategy. This aims on deciding alternatives for service levels (frequency and pre-arranged time for loading and deliveries), ownership of the fleet (own transport or use of third parties'), and how to consolidate loads (lots and location of operations).

Small enterprises, simultaneously, are the enterprises that are dynamic, innovative, and assessing their chances in time. In this matter SMEs play a balancing character to the economies of most emerging nations between the outlook of generating employment and economic growth (Şentürk et al., 2008). For small and medium-sized enterprises (SMEs), transport generally involves the largest logistics costs and challenges. Initially, the shippers offer small volumes to operators, which means, besides direct question of bargaining power in negotiations on price and service levels, higher unit operating costs to the operator (Ricardo S. M et al., 2010).

The importance of the issue which involves the transportation activity and its effects on the logistics of enterprises is developed in the aspects of outsourcing and the hiring of operators. Today, important gaps have not been recorded until concerning the description of the inner processes which take to the shape of demand for transportation services, as well as to their specifications for small and medium-sized enterprises (Holter et al., 2008). All processes related to material and information flows, that include planning, implementation and monitoring, are the mark of logistics. The capability of logistics has been deformed from the time when the materialization of new technologies and strategic associations that participated on suppleness as well as to directness. The increasing importance of logistics begins from businesses becoming globalized to raise access to the new markets (Bowersox et al., 2007). The process of achievement of transport services is involved in the traditional trade-off between quality and cost, which leads to obtain a better process as a whole. On the other hand, the management of transport focuses on monitoring obtained and desired service levels, which transcends the boundaries of the company, this involves management relationship with the operator's needs and proficient logistics services that can move their freights at the right place, at the right time, in the right circumstance, and at the right rate (Christopher, 1992; Bowersox & Daugherty, 1995; Bowersox & Closs, 1996). As a result, the success of small company has a direct effect on the national economy.

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