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**Article**

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## FEATURES AND REGIONAL DISPARITIES OF CONSULTANCY SERVICES IN ROMANIA

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### Abstract

The impact of the knowledge based society, especially on knowledge intensive business services, proved to have a really significant influence on the development of services industry. Consultancy services are acknowledged as innovation-intensive and knowledge-intensive business services at the same time. On the base of qualitative and quantitative research, by combining the disparities analysis with logical ranking, critical assessments and explanatory associations, comparative analysis, and empirical research, this article aims to contribute to a better appreciation and understanding of the consultancy services sector in Romania, as part of the larger family of knowledge intensive business services. The regional differences of business and personalized consultancy services are considered for discussion and revealed in the specific of the national network that has a clearly defined center. The concentration of the consultancy companies and most employees in four regions reflects the theory according to which the supply of these services is unevenly distributed, following the potential clients from better developed areas of the country. In all four types of analyzed consultancy activities, the total profit is bigger than economic loss. The disparities between regions are also supported by the dynamic evolution of the consultancy sector in Romania.

**Keywords:** knowledge intensive business services (KIBS), business and personalized consultancy services, regional differences.

**JEL Classification:** L84, R31

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### Introduction

The evolution of the knowledge based society had a significant influence on the development of the service industry, especially on knowledge intensive business services (KIBS). While this is a component of the current economy and it contributes to the emergence of new services (Muller and Zenker, 2001), in the most developed countries, the

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KIBS sector is very dynamic (Strambach, 2001), playing a significant role in innovation, with a rising role for knowledge based economies of developed and developing economies (Howells, 2003). As advocated by Tăchiciu et al. (2011), we believe that services are important for the whole economy, as they represent an intermediary agent for other economic sectors.

The competition between companies and the new needs and demands of customers require a permanent improvement and maintaining a high level of flexibility by companies when offering their products and services, preserving at the same time the profit goal. As remarked by Tether and Hipp (2002), KIBS have a special endowment to often offer a personalized service for customers by absorbing information and knowledge from the exterior, which by interlacing with those from the interior may result in a customized service design. Consultancy and other advisory services, components of KIBS family, are a highly personalized category of services that comes out from the partnership between the consultancy service provider and the client that has very specific requirements (Den Hertog, 2000).

The sustainable growth promoted through the Europe 2020 Strategy needs a real support from the consultancy sector in order to mediate between the economic profit goal of companies and the global sustainable growth target, at the same time providing assistance in the implementation of new technologies and new business models.

The main focus of this article is represented by the *consultancy services*, acknowledged as innovation-intensive and knowledge-intensive business services at the same time. By using qualitative and quantitative research and by combining logical deductions, critical evaluations, comparative analysis, and empirical research, this article aims to contribute to a better appreciation and understanding of the consultancy services sector in Romania. The main characteristics of business consultancy services, part of KIBS, are also discussed in terms of regional differences.

The article is organized as follows. After the brief introduction into the subject, section two investigates the main studies and research in the field. The third section is dedicated to data and research methodology description. The fourth section presents the main findings, including an analysis of the Romanian national context for the consultancy industry and the last section discusses the main conclusions.

## 1. Literature review

The KIBS sector has a growing importance for the national economy, contributing to a smart and innovative economy. The subcategory of consultancy service activities, apart from being innovative and knowledge intensive, is a binder between the standard services and other economic sectors.

Although consultancy services are closely related with innovation, reaching an equilibrium between standardization and innovation is preferable, being almost impossible for a company to offer only high personalized and valuable services (Ciumara, 2011). Evaluating the size of consultancy market is quite difficult, particularly because of some definition related issues (Schlegelmilch et al, 1992). It can be difficult to assess which companies conduct this type of services, and what proportion of their total revenue is generated by consultancy.

Furthermore, Gross and Poor (2008) point to existing differences in the way market related information is collected in different countries, making comparative analyses quite difficult.

Not just East European countries had experienced a late development of consultancy. Amorim and Kipping (1999) discuss the case of Portugal, while Crucini (1999) analyses the case of Italy. The development of consultancy in Spain is discussed by Faust and Kordon (2008). While analyzing the Western European market for consultancy services Kipping and Armbruster (1999) considered several distinct dimensions such as intensity of consultancy, market concentration and type of service. Average sized consultancy companies are quite scarce not just in Romania (Gross and Poor, 2008) but also in other regions (Kirmani and Baum, 1991).

A long time ago already, Williamson (1965) indicated that regional disparities are greater, with widening trend in the least developed countries and smaller, tending to attenuate in more developed countries. More recently, Geppert et al. (2005) analyzed the issue of regional disparities in the European Union, stressing that the knowledge economy does not mean the elimination of benefits related to spatial proximity.

In Romania, the dynamics of regional disparities has been addressed previously by Goschin et al. (2008), the authors proposing a new version of the relative distances ranking method in order to measure inter and intra-regional disparities. Further studies on regional disparities in Romania were performed using macroeconomic indicators. Thus, using multivariate analysis, principal component analysis and factor analysis, Pintilescu (2011) noted that in 2008 there were large regional disparities among developing regions of Romania, identifying an emphasis of economic development in the East-West line, being identified two distinct groups: North, West and Centre, with a better economic situation, in contrast to the North-East and South-West.

More recently, using multivariate analysis and principal component analysis for 2006 and 2009, Chirilă and Chirilă (2014) demonstrated large differences between Bucharest-Ifov region and other regions of the country. A new methodology, much more detailed and complex was proposed by Săvoiu et al. (2013) to highlight the correlation between employment in public administration at regional level and other important regional factors. Using a three-dimensional model, the authors built and calculated a Public Administration Pressure Index in Romania – PAPIR, stressing that new statistical tools and innovative methods can lead to an optimal solution for the level of employment.

The importance of consultancy for the economic development of Romania is outlined by Pleșoianu et al (2014). A more in depth analysis of the evolution and characteristics of the Romanian consultancy market, and its relationship with the economic environment is provided by Ciumara (2010).

## **2. Data and research methodology**

The data used in this paper is based on the financial reports of Romanian companies, as supplied to the Ministry of Public Finance (MFP) between 2005 and 2013. For the current analysis we have selected 4 NACE codes, considered most relevant for the research topic. These are:

- 6202 – computer consultancy activities;
- 6920 – accounting, bookkeeping and auditing services; tax consultancy;
- 7021 – public relations and communication activities;
- 7022 – business and other management consultancy activities.

From all companies, we have selected all Romanian companies with the main activity corresponding to one of these NACE codes and have sorted them according to the 41 counties (plus Bucharest municipality) and according to the 8 development regions of the country. For each resulting category we have summarized the number of companies and the financial results as presented in the balance sheets and the profit and loss accounts, the total number of companies analyzed being about 24.000 for each year. The data used for 2005-2007 is partly difficult to analyses due to the lack of complete equivalence of NACE codes. Based on the old NACE classification, used until 1<sup>st</sup> January 2008, the current 6202 code (analyzed in this article), plus the 6201 code (not analyzed in this article) corresponded to the 7222 code (for which date is available). The current 6920 code fully corresponds to the previous 7412 code, making it easy to analyze for the entire period. The current codes 7021 and 7022, used in our analysis, correspond to a single code in the previous classification - 7414, which makes the analysis more difficult for the period 2005-2007.

For the macroeconomic indicators such as gross domestic product (GDP) or unemployment rate specific for regions or national counties we used data gathered through the National Institute of Statistics (NIS). The total number of employees or the total number of active companies in Romania used for calculation of various indicators also have as source the NIS.

The main regions of Romania are labeled as follows: Region 1 - North-West, Region 2 - North-East, Region 3 - South-West, Region 4 - South-East, Region 5 - South, Region 6 - Center, Region 7 - West, and Region 8 - Bucharest-Ilfov.

The statistical data analysis is both static (for the last available data, generally 2013) and in dynamics, for the period 2008-2013. The regional differences of consultancy services and decompositions by NACE codes are considered for discussion.

An analysis of the regional disparities in Romania could be revealed by investigating the correlation matrices for a set of aggregated indicators. We computed the sum of each balance sheet item across all the CAEN codes in our sample and for each year. For standardization purposes we divided these values to the number of companies that provided this information. The resulted values represent the amount of each indicator on a per company basis.

### 3. National context for consultancy industry. Results and discussions

The consultancy industry is quite new in Romania. It initially appeared in the country in the 1960s, under a program of United Nations (UN), having a good start with foreign trainers. However, after a five years period, when the partnership with the UN ended, the created post-graduation education institution, the Center for the Training of Enterprise Cadres (CEPECA) became highly politicized (Ciumara, 2014). After the 1989 Revolution, the consultancy companies emerged on the free new market.

The consultancy sector in Romania is not necessarily completely different from other countries. There are significant differences between various categories of clients - small companies, big corporations or public companies that are correlated with the specific characteristics of consultancy suppliers, very often specialized in one category of customers. There are difficulties in similarly understanding the specific form of the service output and its cost, or the continuous collaboration for the implementation of the final deliverables, by the consultant and by the client. Although it is difficult to estimate the size

of the consultancy market, there are some studies conducted by the European Federation of Management Consultancies Associations (FEACO) for some European countries. The *Survey of the European Management Consultancy Market* was launched in 1998, Romania being taken into analyses starting from the second edition, appeared in 1999. In Romania, management consultancy as percent of GDP is still small comparing with the European average, but its growth rate was more prominent than in Europe until 2009, when Romania registered a significant decrease, remaining practically quite offset relative to the European average (table no. 1).

**Table no. 1: Management consultancy in Romania, compared with the European market**

		2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Romania	Growth rate (%)	7.0	14.0	35.0	20.0	20.0	30.0	30.0	-16.0	-7.0	2.0	13.0 (estim.)
	% GDP	0.23	-	0.18	0.25	-	0.30	0.34	-	0.27	0.28	-
Europe	Growth rate (%)	-2.0	3.50	3.7	14.0	10.7	9.5	8.2	-5.0	2.9	6.6	5.8 (estim.)
	% GDP	0.42	0.42	0.44	0.58	-	0.65	0.67	-	0.67	0.69	-

Source: Authors calculations made with raw data from FEACO, 2000- 2012

Even if the number of companies that have consultancy as main activity is relatively considerable, there are only few companies that do exclusively only this, usually this activity being combined with other NACE codes. This significantly affects the way in which the transformation of the industry can be interpreted and evaluated. The evolution of the number of consultancy companies between 2008-2013 (presented in the table no. 2) shows a substantial increase between 2008 and 2009, followed by a decline, but at a lower pace in 2010 (reflecting the consequences of the crisis), and a stable evolution in the next years.

**Table no. 2: Number of companies in the consultancy sector, in the period 2008-2013**

	2008	2009	2010	2011	2012	2013
Number of companies	22,763	26,347	24,440	24,228	24,400	24,865

Source: Authors calculations made with raw data from MPF

One of the Romanian consultancy sector's features is that the supply and demand for these services is not evenly distributed from a geographical point of view (Ciumara, 2009). While the demand localization is more balanced, the supply is concentrated only in few counties. From the last data available (for year 2013), the differences between the main eight regions of the country is evidenced in the table no. 3 and in the figure no. 1. While the share of companies in the total consultancy sector is slightly exceeding 50% for Bucharest-Ilfov region, the share of employees in this sector is 12 pp higher (62.37%), the average number of employees/consultancy company being the highest from all regions (3.53).

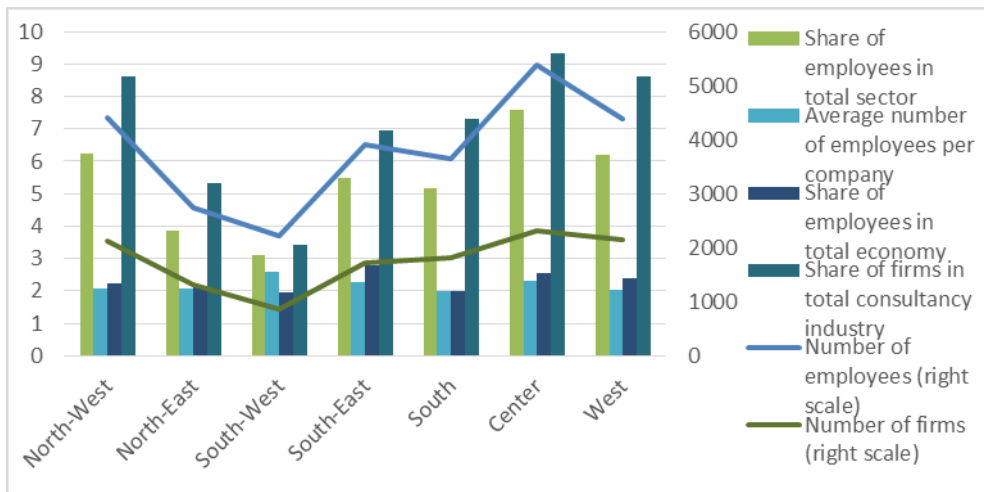
It is obvious that around the biggest city of the country, in fact a regional network hub at national level, almost all indicators are atypical compared with the rest of the network and regional representation is difficult when the gaps are so large and obvious. This is way, for a better representation of regional disparities, the figure no. 1 laying out below includes the main regions of Romania without the Bucharest-Ilfov region. After the main region, on the second place in terms of the share of companies in the total consultancy sector is the region Center with 9.33%, followed by the West region with 8.63% and North-West region with 8.59%. On the last place for almost all indicators analyzed in this table is the South-West

region, where, however, the average number of employees per firm is 2.59, the second after the Bucharest-Ilfov region. The concentration of the consultancy companies and most employees in four regions (Bucharest-Ilfov, Center, West, and North-West) reflects the theory that the supply of these services is unevenly distributed, following the potential clients from better developed areas of the country (in the table no. 5 is presented the regional GDP per inhabitant for 2012, the last available data). The contribution to the total economy, as number of employees is 1.60% and as number of companies is around 5%.

**Table no. 3: Key structural information relating to consultancy industry in Romania regarding employees and the number of companies in 2013**

Regions/ Romania	Number of employees	Share of employees in total sector (%)	Average number of employees per consultancy company	Share of employees in total economy (%)	Number of companies	Share of companies in total consultancy industry (%)	Share of comp. in total economy (%)
North-West	4,414	6.22	2.07	0.75	2,137	8.59	3.13
North-East	2,739	3.86	2.07	0.55	1,326	5.33	2.58
South-West	2,214	3.12	2.59	0.61	855	3.44	2.42
South-East	3,898	5.50	2.26	0.78	1,725	6.94	3.06
South	3,656	5.16	2.01	0.69	1,820	7.32	3.44
Center	5,382	7.59	2.32	0.94	2,320	9.33	4.05
West	4,386	6.18	2.04	0.92	2,145	8.63	4.78
Bucharest- Ilfov	44,228	62.37	3.53	4.83	12,537	50.42	10.55
Total	70,917	100.00	2.85	1.60	24,865	100.00	5.13

Source: Authors calculations made with raw data from MPF and NIS



**Figure no. 1: Employees and companies number in 2013**

Source: Authors calculations made with raw data from MPF

When analyzing the activities of the four NACE codes selected (computer consultancy activities; accounting, bookkeeping and auditing services, tax consultancy; public relations and communication activities; business and other management consultancy activities), there are easily observable huge differences between these consultancy activities (table no. 4 and figure no. 2). For a better representation and relevance, the turnover, profit, and loss were calculated as average per company.

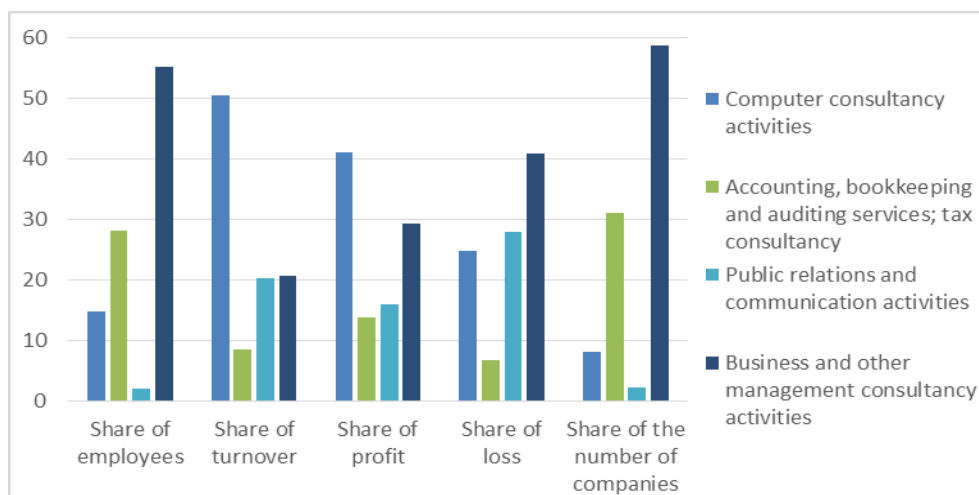
**Table no. 4: Key figures for the consultancy industry in Romania  
by NACE activities, 2013**

	Number of employees	Turnover (average per company)	Profit (average per company)	Loss (average per company)	Number of companies
Computer consultancy activities	10,462	1,456,006.0	124,580	22,240.51	2,021
Accounting, bookkeeping and auditing services; tax consultancy	19,946	248,146.3	41,855.46	6,019.63	7,727
Public relations and communication activities	1,487	586,799.6	48,616.29	25,082.64	531
Business and other management consultancy activities	39,022	596,552.2	89,198.49	36,678.44	14,586

Source: Authors calculations made with raw data from MPF

The *business and other management consultancy activities* are representing more than 50% as share of employees or share of the number of companies, but the turnover and the profit are not similarly distributed (a share in total analyzed sector of 20.66% and respectively 29.32%). For this category of consultancy services the economic loss has surprisingly the highest share of 40.74%. On the other side, the *public relations and communication activities* have the lowest share as number of employees or number of companies in the total of the analyzed sector (2.10% and respectively 2.14%), but the turnover and profit are much bigger as share in total sector (20.32% and respectively 15.98%), while the economic loss has a share of almost 28%. The companies from the *accounting, bookkeeping and auditing services, tax consultancy* sector are on the second position as regards the number of companies and employees (a share of 28.13%, respectively 31.08%), while the turnover, the profit, and the economic loss have lower shares in the total sector, respectively 8.59%, 13.76%, and 6.69%. The *computer consultancy activities* have the highest share of turnover (50.42%) and profit (40.95%), while the economic loss is on the third place (24.71%); the share of employees and number of companies is quite small comparing with the financial results (14.75%, respectively 8.13%). The difference of about 4.6 pp between the last two indicators of this consultancy sector is explained by fact that here is recorded the biggest average of employees per company (5.17), while in the other three sectors the average range in the interval 2.58-2.80 employees per company. The share of economic loss is bigger than that of the profit in the field of *business and other management consultancy activities* and of *public relations and communication activities*, but the total profit is bigger than the economic loss in all four sectors, the most profitable companies from this point of view activating under the *business and other management consultancy activities* and *accounting, bookkeeping and auditing services, tax consultancy* sectors.





**Figure no. 2: Consultancy industry in Romania by NACE activities and by shares in total sector, 2013**

*Source: Authors calculations made with raw data from MPF*

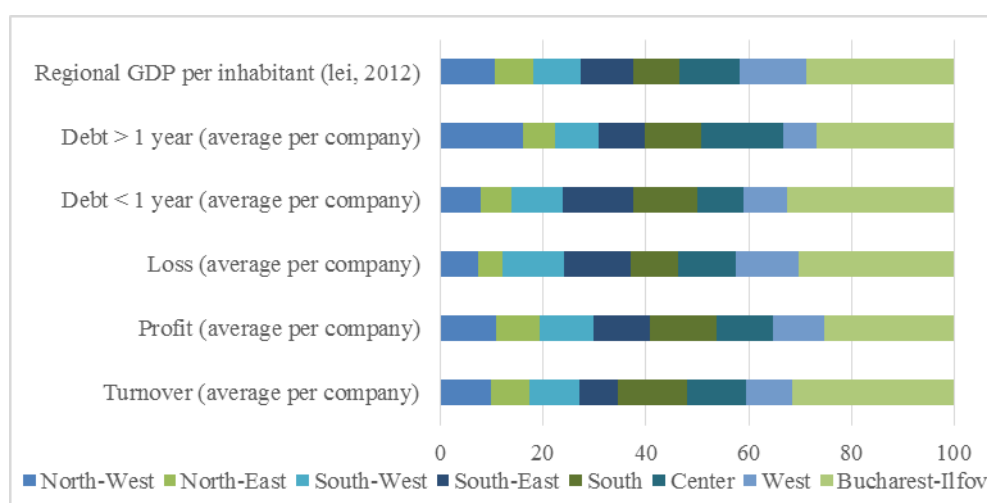
The regional discrepancies persist when considering for analysis the companies' financial indicators (table no. 5 and figure no. 3). Even when eliminating the Bucharest-Ilfov region, the differences are still present, the biggest gap appearing at the category debt that should be paid in more than one year.

Keeping the number of regions at seven (without Bucharest-Ilfov which is atypical) the highest contribution to the GDP corresponds to the *West* region, but the share of turnover and profit in total sector is the largest in *South* region (13.32%, respectively 12.82%) while in the *West* these shares are 9.13% and 9.83%, closer to the minimum values. The *North-East* region has the minimum shares for all financial indicators, including economic loss. The *North-West* and *Center* regions have the larger share of debt that should be paid in more than one year (around 16%), profit (around 11%), and regional GDP per inhabitant (around 11%). The *South-East* region has the biggest share of economic loss (12.95%) and debt that should be paid in less than one year (13.58%), and the second place when comparing the profit (11.22%). The *South-West* region has the most balanced situation, having between 8.42% for debts to be paid on over a year and 12.13% for economic loss. It worth to mention that in absolute values, the profit is bigger than loss for all regions (and for all four NACE categories), the most impressive gap appearing in the case of Bucharest-Ilfov region, followed (with noticeable smaller values) by the *South* and *North-West* regions, the *West* and *South-West* occupying the last two places.

**Table no. 5: Major economic indicators for industry consultancy in Romania in 2013**

	Average turnover per company (lei)	Average profit per company (% of turnover)	Average loss per company (% of turnover)	Average debt per company < 1 year (lei)	Average debt per company > 1 year (lei)	Regional GDP per inhabitant in 2012 (mil. lei)
North-West	260,705.87	17.45	3.56	133,007.62	98,598.84	25,951.9
North-East	201,922.06	17.86	2.95	101,929.63	38,333.99	18,591.8
South-West	259,969.23	16.74	5.92	173,880.04	51,570.40	22,639.2
South-East	205,411.34	23.03	7.99	232,546.76	54,439.67	25,010.5
South	357,553.74	15.11	3.28	216,707.96	67,964.23	22,540.7
Center	309,134.20	15.12	4.56	152,047.49	97,822.48	28,367.1
West	245,002.02	16.91	6.26	144,163.42	39,784.87	32,380.3
Bucharest- Ilfov	843,739.47	12.69	4.57	558,204.78	163,841.65	70,799.6
Total	557,929.44	13.71	4.61	362,912.09	116,211.62	29,744.6

Source: Authors calculations made with raw data from MPF



**Figure no. 3: Selection of economic indicators by shares in total sector, 2013**

Source: Authors calculations made with raw data from MPF and NIS

In the table no. 6 there are presented the positions occupied by the regions for six economic indicators, where 1 stands for the best position and 8 for the worst. In the overall standings, the first position would find the North-West region, which occupies the first position for the unemployment rate, ranking third for profit and loss, computed as a percentage of turnover, and fourth position for turnover, number of companies, and regional GDP/inhabitant. Bucharest-Ilfov region is ranked first for turnover, number of firms and regional GDP per inhabitant, but is on the last position for profit if calculated as a percentage of turnover. West, Central and North-East regions occupy the following positions, being placed at the middle of the ranking. All regions from the South part of the country have a weak positioning for the last indicators (number of companies, regional GDP per inhabitant,

unemployment rate), but different trends for the first three. Thus, the South-East region ranks first for profit and the South occupies the second position in the case of turnover and loss.

**Table no. 6: Key figures for the consultancy industry in Romania – economic indicators, 2013**

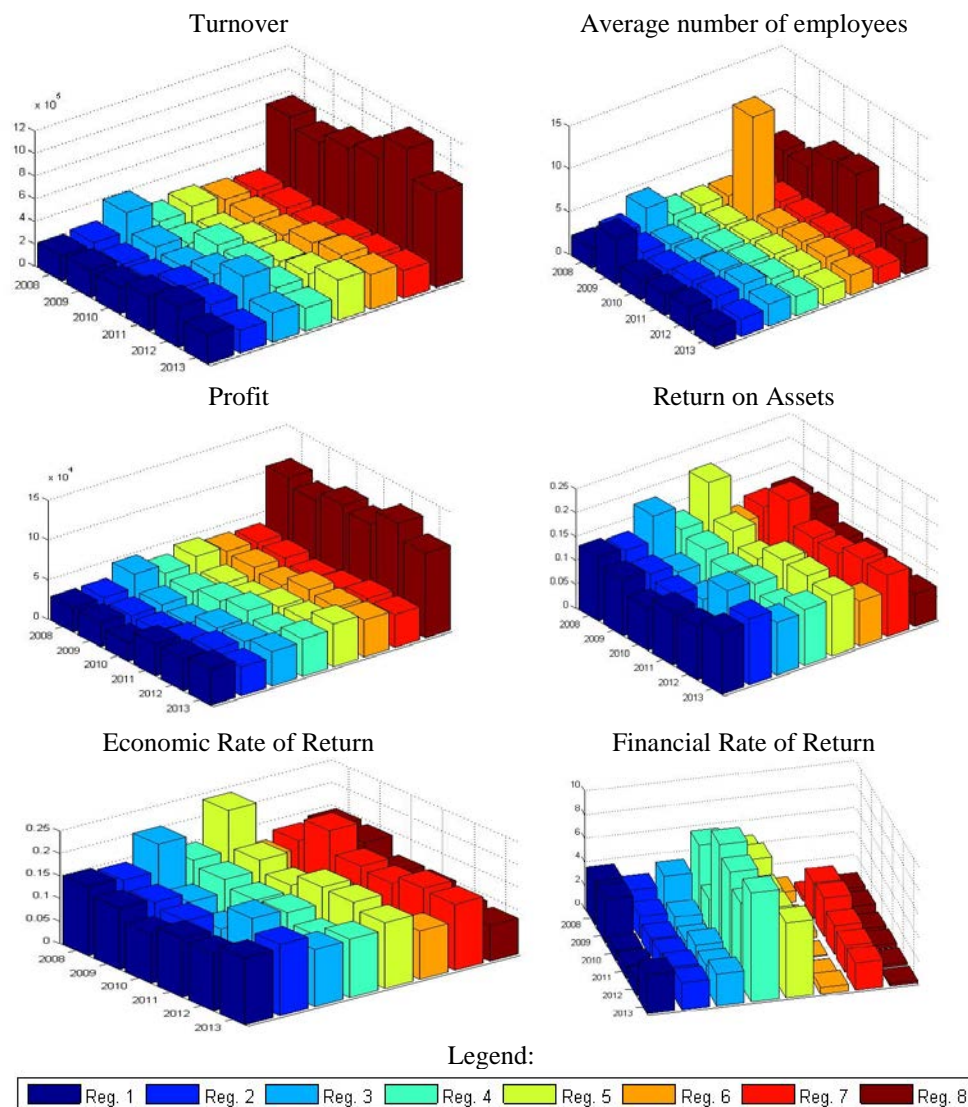
	Turnover (average per company)	Profit (average per company, % of Turnover)	Loss (average per company, % of Turnover)	Number of companies	Regional GDP/ inhabitant (2012)	Unemployment rate
North-West	4	3	3	4	4	1
North-East	8	2	1	7	8	2
South-West	5	5	6	8	6	4
South-East	7	1	8	6	5	6
South	2	7	2	5	7	7
Center	3	6	4	2	3	8
West	6	4	7	3	2	3
Bucharest-Ilfov	1	8	5	1	1	5

*Source: Authors calculations made with raw data from MPF and NIS*

In general, the theory that asserts a better economic performance for clusters firms than for isolated ones (Isaksen, 2006) is partially consistent with results for the Romanian development regions. In Bucharest-Ilfov region, turnover is highest but profit registered as a share of turnover is the weakest. For the South-West region, with the lowest number of companies, it is most suitable the reverse variant - companies that are dissipated in a region have some of the worst results in terms of profit (5<sup>th</sup> position) and loss (6<sup>th</sup> position). North-East (second lowest for the number of firms), however, has very good results for profit (2<sup>nd</sup> place) and loss (1<sup>st</sup> position), relative indicators calculated as a percentage of turnover, which is motivated by the poor performance of turnover (last place). The performance of the North-East region in the sector of consultancy activities is not correlated with the well-known economic specific features, this region being the most underdeveloped. The GDP per inhabitant is the lowest one (18,591.8 lei per inhabitant in 2012, with a difference of 3,948.9 lei per inhabitant from the next one, the South region), similar evolutionary phenomenon as the attractiveness index, as it is calculated by the Romanian Business Digest.

The dynamic evolution of the consultancy sector in Romania presented by regions in figure no. 4 reconfirms the disparities between regions.

If in some cases the difference between Bucharest-Ilfov region and the other regions is obvious, this being unquestionably on the first place (in the case of turnover, number of employees or profit), in the others cases (return on assets, economic rate of return, financial rate of return) it is not anymore the first, but on the contrary is relocated to the last positions. Looking in dynamics and structurally, if for turnover, number of employees or profit the evolution for all regions is relatively more unrelieved, while for the indicators that measure the companies' performance the evolution is rather mixed and uneven, usually after a peak in 2008 a decline in time was registered, followed by fluctuations.



**Figure no. 4: Selection of economic indicators by regions, 2008-2013**

*Source Authors calculations made with raw data from MPF and NIS*

The correlations matrices presented in the following table (table no. 7) show the manner in which the respective indicators tend to evolve together or coexist associatively in the national economy approached as a network with a significant center. For instance, in the first table we can see that North-West and North-East regions tend to be highly correlated, which means that an increase in the net profit from one year to another for one of these two regions is accompanied by an increase in this indicator for the other region. Therefore, there

is a real perception beyond the intensity of associations of the fact in which these regions tend to associate and to hold a similar evolution over time.

Regarding the correlation matrix for the dynamics of the corporate profit analysis it can be noted that it is relevant and even hierarchical, and, in general, the dynamics of profit has approximately the same trends for regions 1, 2 and 6 (North-West, North-East and Centre) which exhibit a sufficiently high degree of linear dependence. At the other pole, region 8 (Bucharest-Ilfov) marks a profit's dynamic independent from the rest of the country. Analyzed in terms of links between regions, the number of employees has a trend similar to that of the profit, the region 8 (Bucharest-Ilfov) being independent of the other regions, while regions 1, 2, 5 and 6 (North-West, North-East, South and Centre) have a high degree of self dependence.

**Table no. 7: Regional correlation matrix for profits, the average number of employees and turnover**

	Profit						
	Reg. 1	Reg. 2	Reg. 3	Reg. 4	Reg. 5	Reg. 6	Reg. 7
Reg. 2	0.8336* 0.0052						
Reg. 3	0.6392 0.0638	0.6911* 0.0392					
Reg. 4	0.6890 0.0401*	0.5849 0.0981	0.5822 0.1000				
Reg. 5	0.7132* 0.0310	0.6397 0.0635	0.8373* 0.0049	0.4741 0.1973			
Reg. 6	0.7801* 0.0131	0.7136* 0.0309	0.6471 0.0596	0.7379* 0.0232	0.5338 0.1388		
Reg. 7	0.6164 0.0771	0.7651* 0.0163	0.6156 0.0776	0.3548 0.3488	0.4935 0.1770	0.7574* 0.0181	
Reg. 8	0.2437 0.5274	0.4775 0.1936	0.2684 0.4850	0.3855 0.3055	0.0579 0.8823	-0.0138 0.9720	-0.0357 0.9274

	Average number of employees						
	Reg. 1	Reg. 2	Reg. 3	Reg. 4	Reg. 5	Reg. 6	Reg. 7
Reg. 2	0.8336* 0.0052						
Reg. 3	0.6392 0.0638	0.6911* 0.0392					
Reg. 4	0.6890* 0.0401	0.5849 0.0981	0.5822 0.1000				
Reg. 5	0.7132* 0.0310	0.6397 0.0635	0.8373* 0.0049	0.4741 0.1973			
Reg. 6	0.7801* 0.0131	0.7136* 0.0309	0.6471 0.0596	0.7379* 0.0232	0.5338 0.1388		
Reg. 7	0.6164 0.0771	0.7651* 0.0163	0.6156 0.0776	0.3548 0.3488	0.4935 0.1770	0.7574* 0.0181	
Reg. 8	0.2437 0.5274	0.4775 0.1936	0.2684 0.4850	0.3855 0.3055	0.0579 0.8823	-0.0138 0.9720	-0.0357 0.9274

	Turnover						
	Reg. 1	Reg. 2	Reg. 3	Reg. 4	Reg. 5	Reg. 6	Reg. 7
Reg. 2	0.9310* <i>0.0003</i>						
Reg. 3	0.7880* <i>0.0117</i>	0.8584* <i>0.0031</i>					
Reg. 4	0.7037* <i>0.0344</i>	0.7772* <i>0.0137</i>	0.4913 <i>0.1792</i>				
Reg. 5	0.6014 <i>0.0867</i>	0.5748 <i>0.1055</i>	0.5587 <i>0.1179</i>	0.4881 <i>0.1825</i>			
Reg. 6	0.9194* <i>0.0005</i>	0.8677* <i>0.0024</i>	0.7400* <i>0.0226</i>	0.5830 <i>0.0994</i>	0.7941* <i>0.0106</i>		
Reg. 7	0.8803* <i>0.0017</i>	0.8477* <i>0.0039</i>	0.7681* <i>0.0156</i>	0.6226 <i>0.0733</i>	0.8243* <i>0.0063</i>	0.9361* <i>0.0002</i>	
Reg. 8	0.9733* <i>0.0000</i>	0.9238* <i>0.0004</i>	0.8308* <i>0.0055</i>	0.7462* <i>0.0209</i>	0.7169* <i>0.0297</i>	0.9097* <i>0.0007</i>	0.9096* <i>0.0007</i>

Source: Authors calculations made with raw data from MPF

Note: In *italic* are presented p-values and \* denotes correlation coefficients statistically significantly different from zero. The software used - Matlab.

## Conclusions

Consultancy services, representing at the same time innovation-intensive and knowledge-intensive business services are the focus of this paper. By discussing and analyzing regional differences for consultancy services, this article aims to concur for a more complex and detailed knowingness of the consultancy service sector in Romania, part of the larger services class – KIBS. In the economic literature, there few studies about consultancy services in Romania, but none of them is so detailed, introducing balance sheets data from around 24000 companies for each analyzed year (2008-2013), analyses and discussions for each of the four NACE codes took into considerations or for the eight regions of the country. All of these elements are considered in the article in a static framework, but also in dynamics.

When looking separately at each consultancy sectors, we observed that the total profit is bigger than the economic loss in all four types of consultancy activities, the most profitable companies from this point of view activating under the business and other management consultancy activities and accounting, bookkeeping and auditing services, tax consultancy sectors. The same is observable in all geographical regions, on the first place being Bucharest-Ilfov, followed by South and North-West regions but with a discernible difference.

The disparities between regions are supported by the dynamic evolution of the consultancy sector in Romania, but if in some cases the Bucharest-Ilfov region is permanently on the first place, when looking at companies' economic performance indicators, it is placed on the last ones. As mentioned in the specific literature, the consultancy companies and most employees are concentrated in four regions (Bucharest-Ilfov, West, Center, and North-West), confirming that the supply of these services is unevenly distributed, due to higher demand from potential customers from better developed arias of the country.

From the theoretical point of view, the assertion that clusters firms have a better economic performance than the isolated ones (Isaksen, 2006) is only partially consistent based on the results obtained for Romanian regions. A relative theoretical adequacy is noticed in the unfavorable direction, the companies that are more dissipated in a region having some of the worst results in terms of profit and partly in terms of general economic performance.

The obtained results regarding the economic performance of consultancy companies should be interpreted with caution because usually, these companies have additional secondary activities that can have different features and can occupy a significant part of total activity.

A possible direction for authors' future studies may be an updated analysis of the consultancy sector in Romania, correlated with other parts of the KIBS class for regional disparities, using other methods such as principal component analysis or regional regression models.

Consultancy sector in Romania has a chance to be more competitive than other areas of economic activities in the country. Romanian consulting industry does not present a major gap compared to other local industries, where innovation is equally important, starting with the existence of lower gaps in terms of experience, because consultancy sector is rather young even on the global market.

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