

**TMF**  
GROUP

Global reach  
Local knowledge



A TMF Group Briefing

## Insight into Multi-Country Outsourced Services Trends: **Romania**

## Table of contents

- 3 Country overview
- 4 Insight into multi-country outsourced services trends – survey results
  - 4 Financial performance
  - 4 Challenges
  - 5 Motivations to choose outsourcing
  - 6 Volume of functions supported with outsourced services
  - 6 Benefits of outsourcing
- 7 Conclusion

## About this report

The information in this report is based on the results of a survey commissioned by TMF Group and conducted by professional research company, GfK.

Insight into Multi-Country Outsourced Services Trends sought to identify trends in outsourcing services in the Romanian market, specifically related to global companies with operations in the country.

Our survey canvassed the views of 30 HR managers and 31 Finance managers active in local and international companies, operating in Romania. They were asked to give their opinion on outsourcing and their intention to use external service providers to support accounting and tax, HR and payroll and corporate secretarial functions in their organisations.

The survey – in its third consecutive year – was conducted in the second half of 2016.

## Country overview

Increased domestic demand accelerated Romania's economic growth at the end of 2016. In the last quarter, the GDP growth rate reached 4.8%; the fastest pace registered in almost a decade, and the highest rate in the EU in 2016.<sup>1</sup>

Among currencies in Central and Eastern Europe (CEE)\*, the Romanian Leu was the third-best performer against the Euro, gaining 1.4%.<sup>2</sup>

Romania's score in the 2016-2017 Global Competitiveness Report is 4.30, compared to 4.32 the previous year (2015- 2016).

Romania has taken a number of steps to improve its attractiveness to the international business community.

At the end of 2016 the country:

Reduced its value added tax (VAT) rate from 24% to 20%

Eliminated a special construction tax

Lowered the income withholding tax rate

Simplified deductibles and exempted certain dividends from corporate income tax

# 4.8%

GDP growth rate in Q4

# 4.30

score in 2016-2017 Global Competitiveness Report

# 3rd

best performer against the Euro among currencies in CEE

<sup>1</sup> Focus Economic - <http://www.focus-economics.com/countries/Romania>

<sup>2</sup> Business Review - <http://www.business-review.eu/news/eurostat-romania-posts-biggest-economic-growth-in-eu-in-2016-q2-115455>

\* CEE region: Bulgaria, Croatia, Czech Republic, Hungary, Poland, Romania, Slovak Republic, Slovenia, Estonia, Latvia and Lithuania, Serbia.

## Insight into multi-country outsourced services trends – survey results

### Financial performance

75%

of the respondent companies in Romania reported an increase in revenue in 2016

48%

registered 5% growth

↓ 10%

Growth numbers decreased from the 10% mark, compared to 2015 responses

### Challenges

Sudden legislative changes and the complexity of the Romanian fiscal environment were indicated as the main challenges by 67% of financial specialists (CFOs). 81% of HR professionals (CHOs) indicated a talent shortage as the main 'pain' experienced by their department.

CEE has for many years cultivated a highly skilled and affordable talent pool, and Romania in particular is known for its good education system and highly qualified workforce. This workforce is swiftly absorbed by growing businesses. The fast development and increased competition among companies for the best personnel has resulted in a shortage of human resources professionals; particularly in the industry, services, IT and trade sectors.

33% of finance managers reported to have difficulties remaining compliant with Romanian and internal company (ie. 'group') reporting standards. This is compared to 26% who pointed to the same problem in our 2015 survey. 30% said a proper interface for communicating with different local authorities would be imperative for their business, to ensure compliance with local regulations.

### Motivations to choose outsourcing

The top motivations for global companies with operations in Romania to look for an outsourcing partner are linked to the main challenges for both **financial** and **human resources** professionals.

They look to outsourcing to be able to:

Increase their adaptability to legislative changes

67%  
of CFOs

65%  
of CHOs

Achieve better tax compliance

63%  
of CFOs

61%  
of CHOs

Mitigate risks of penalties for non-compliance in dealing with VAT and social contributions

63%  
of CFOs

55%  
of CHOs

\* double compared to 2015 responses.

## Volume of functions supported with outsourced services

63% of survey respondents said they outsource at least one service in Romania. Almost half placed accounting and financial reporting at the top of the list of functions they support with outsourced services, up 11% percent compared to 2015 results.

The rise can be attributed to a greater focus placed by companies on mitigating risks due to legislative instability. Companies are also more conscious of the need to obtain legal provisions in a foreign language when addressing fiscal issues to the Romanian authorities. Consequently they turn to local external services providers.

Corporate secretarial was second most common among respondents for external support (28%), followed by HR and payroll functions (25%).

The survey results indicated that 44% of finance and HR managers in multinationals present in Romania have additional outsourcing needs that they would like to approach management about.

# 18%

would like external support in legal administration and corporate secretarial functions

# 12%

said they need local expertise with international corporate tax structuring

## Benefits of outsourcing

In terms of the perceived benefits of outsourcing, the financial and human resources respondents were in agreeance:

### They gain more time

to focus on their specific core activities



71%

### Their comfort is increased

due to a reduced administrative burden



69%

## Conclusion

All CEE countries now fall under the EU umbrella, and they must fully align their legislative and regulatory frameworks to meet European standards. Compliance with frequently changing local accounting, tax, payroll, employment and other administrative regulations is therefore high on the radars of company finance and human resources managers.

Alongside other CEE countries, Romania offers favorable tax rates, but meeting the requirements of local rules and regulations can slow a company down and impede its development.

Due to a particularly competitive employment market for human resources professionals in the industry, trade, services and IT sectors, companies can face high staff turnover rates. They can also experience difficulties maintaining consistent departmental workflow amid these staff changes.

Foreign investors looking to establish operations in Romania can resolve this gap and ensure they maintain their business momentum by working with an external partner who is able to provide essential on-ground support to their business.

**TMF**  
GROUP

## About TMF Group

TMF Group is a leading provider of high-value business services to clients operating and investing globally.

We focus on providing specialised and business-critical financial and administrative services that allow our clients to operate their corporate structures, finance vehicles and investment funds in different geographical locations.

Our core services can help companies of all sizes with HR and payroll, accounting and tax, corporate secretarial, international corporate structuring and structured finance – whether a company wants to globalise, or needs support to streamline existing operations.

In Romania, we serve almost 400 entities across a broad spectrum of industries. Our local, 200-strong team of experts are supported by the latest technology.

[tmf-group.com](https://tmf-group.com)

## About GfK

GfK is the trusted source of relevant market and consumer information that enables its clients to make smarter decisions. More than 13,000 market research experts combine their passion with GfK's long-standing data science experience. This allows GfK to deliver vital global insights matched with local market intelligence from more than 100 countries.

[gfk.com](https://gfk.com)

Whilst we have taken reasonable steps to provide accurate and up to date information in this publication, we do not give any warranties or representations, whether express or implied, in this respect. The information is subject to change without notice. The information contained in this publication is subject to changes in (tax) laws in different jurisdictions worldwide.

None of the information contained in this publication constitutes an offer or solicitation for business, a recommendation with respect to our services, a recommendation to engage in any transaction or legal, tax, financial, investment or accounting advice. No action should be taken on the basis of this information without first seeking independent professional advice. We shall not be liable for any loss or damage whatsoever arising as a result of your use of or reliance on the information contained herein.

This is a publication of TMF Group B.V., P.O. Box 23393, 1100 DW Amsterdam Zuidoost, the Netherlands (contact@tmf-group.com). TMF Group B.V. is part of the TMF Group, consisting of a number of companies worldwide. Any group company is not a registered agent of another group company. A full list of the names, addresses and details of the regulatory status of the companies are available on our website: [www.tmf-group.com](http://www.tmf-group.com).

© May 2017 TMF Group B.V.



Have questions about what you've read here or would like further information?

**Get in touch with us today:**  
**[romania@tmf-group.com](mailto:romania@tmf-group.com)**

**[tmf-group.com](http://tmf-group.com)**