

ANALYSIS OF THE ENTREPRENEURIAL ECOSYSTEM FROM ROMANIA

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ABSTRACT: *The economic growth and well-being of a country are influenced by various factors, including access to resources and the quality of human factors, access to technology and innovation capacity, etc. The increase of the rate of SMEs in the total number of enterprises and their contribution to the Creation of the GDP determined the researchers to analyze the impact of the entrepreneurial activity of the population on the economic growth. At the same time, the intensity of entrepreneurial activity is determined by a multitude of factors, which are taken together, which make up the entrepreneurial ecosystem. Recent studies show that countries with a balanced entrepreneurial ecosystem are characterized by high rates of economic growth. The purpose of the article is to highlight the impact of the quality of the entrepreneurial ecosystem on the economic growth in terms of its impact on the intensity of the entrepreneurial activity.*

KEY WORDS: *entrepreneurship, entrepreneurial ecosystem, entrepreneurial culture, entrepreneurial education, entrepreneurial initiative.*

JEL CLASSIFICATIONS: *L26, C38.*

1. INTRODUCTION

Entrepreneurship began to receive attention with the problems brought about by the global economic and financial crisis, and entrepreneurs became "heroes" capable of giving impetus to fragile economies. Entrepreneurship cannot be precisely defined, and the multidimensionality and homogeneity of the concept make it very difficult to generalize the conclusions. There are also many empirical analyzes based on the correlation of the entrepreneurial activity and the economic growth, and most of the specialists in the field formulate conclusions regarding the impact of entrepreneurship. economic based on the correlation of the number of new businesses created with the share of the labor force employed by SMEs, with the income generated by the SMEs in a certain branch or even with the GDP. More analysis on

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the macroeconomic impact of entrepreneurship are made by the international consortium Global Entrepreneurship Monitor (GEM).

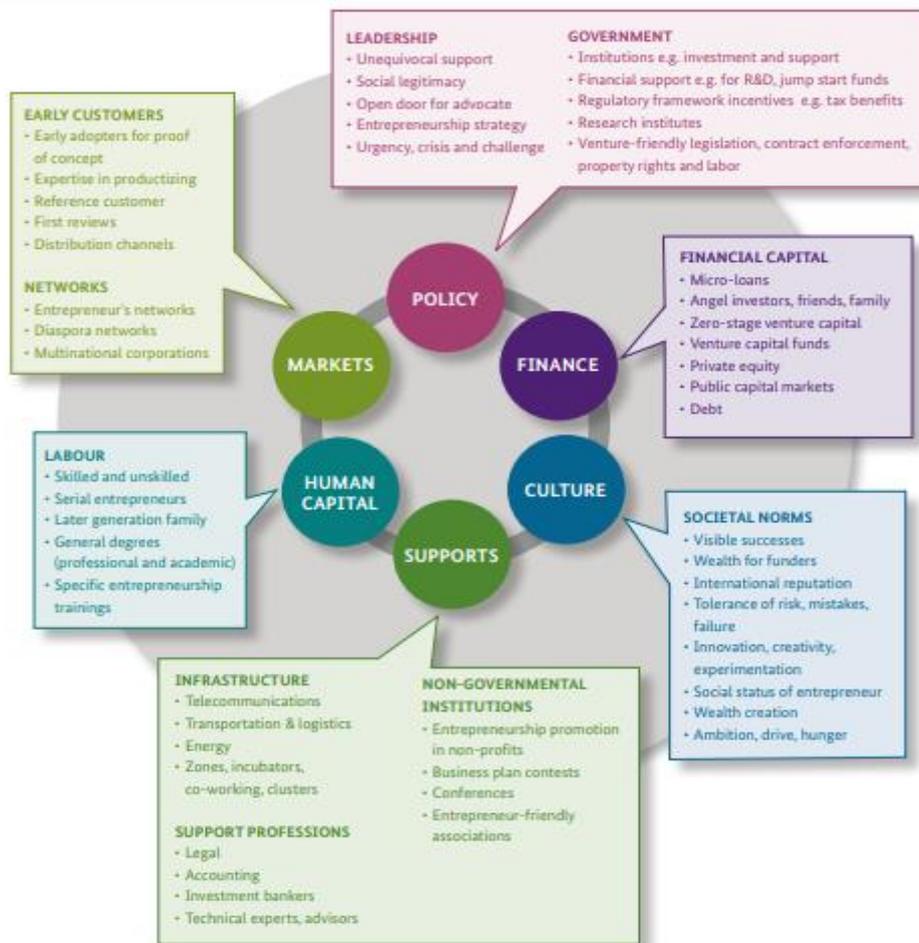
In the classical sense, entrepreneurs are people who start businesses, employ labor, mobilize resources and ensure that their operational activity continues and works. Organization for Economic Cooperation and Development (OECD) This defines entrepreneurship as: Entrepreneurs have those persons (business owners) who seek to generate value, through the creation or expansion of economic activity, by identifying and exploring new products, processes or markets. (OECD, Paris, 2012). The main characteristics of entrepreneurship are: innovation, proactivity and risk taking, and the positive effects are associated with entrepreneurship, directly or indirectly: sustainable development, overall growth of business performance and economic efficiency, creating new jobs, improving competitiveness. regional and national, more efficient management of economic crises, recognition and exploitation of opportunities. (Ratten, 2011). The objective of this article is to carry out a comprehensive analysis of the Romanian entrepreneurial ecosystem and of the factors that have the power to stimulate it, thus allowing the design of effective policies for the development of the Romanian entrepreneurship.

2. ANALYSIS OF THE ROMANIAN ENTREPRENEURIAL ECOSYSTEM

In the specialized literature various definitions for the term entrepreneurial ecosystem can be found, all of which are summarized in the fact that it encompasses the social and economic environment that affects the entrepreneurial activity. There are many definitions of what the entrepreneurial ecosystem is and how it works. The concept of entrepreneurial ecosystem emphasizes the collective and systemic nature of entrepreneurship, and this means that in order to stimulate entrepreneurial activity in a particular country, it is necessary to facilitate the creation of an ecosystem favorable to entrepreneurship. The quality of the ecosystem differs from one country to another, or even in different regions of the same country, the development potential of countries and / or regions is different. At the same time, the ecosystem having a rigid character makes the measures aimed at stimulating the entrepreneurial activity in certain countries or regions with a low impact, which determines a low impact of the efforts made by the authorities in order to ensure the economic growth.

The process of developing an ecosystem that allows entrepreneurship to develop has attracted the attention of: governments, development agencies such as: GSM Association, Organization for Economic Cooperation and Development (OECD), World Bank and World Economic Forum etc. They have developed comprehensive diagnostic tools for assessing and monitoring ecosystem development. The approaches regarding the diagnostic tools for the development of ecosystems vary widely and can be classified according to: the geographical unit of analysis, the level of detail and their sectoral or domain concentration. For example, some approaches, such as the OECD Entrepreneurship Measurement Framework, the World Bank's "Doing Business" ranking, and George Mason University's Global Entrepreneurship and Development Index are nationwide and can be used to make cross-country comparisons. Instead, the Rainforest Bluesrint Innovation Plan is for competitiveness and specifically targeted at

local ecosystems. The ecosystem project and Koltai Six + Six can be used at national or subnational level. One of the most used models was developed by Daniel Isenberg. According to him, the entrepreneurial ecosystem consists of six areas: politics, finance, markets, human capital, support and culture (Isenberg, 2011).



Source: Isenberg's ecosystem domains, *Scale up™ Ecosystems for Growth Entrepreneurship*

Figure 1. The entrepreneurial ecosystem

According to the model presented in figure 1, in the center of the ecosystem is the entrepreneur, who, in fact, carries out the entrepreneurial activity, but his activity is accelerated or on the contrary, restrained by the ecosystem. Each of the 6 domains forms the ecosystem and generates favorable or unfavorable factors for entrepreneurship. At the same time, the quality of the entrepreneurial ecosystem directly influences the intensity of the entrepreneurial activity, and indirectly the welfare of the company.

2.1. Performance of the entrepreneurial ecosystem

In this subchapter we will analyze entrepreneurial activities and attitudes towards entrepreneurship based on three sources: Global Entrepreneurial Monitor (GEM), a recent study published by the Romanian Executive Agency for Financing Higher Education, Research, Development and Innovation (UEFISCDI) and the results of a study by EY / Impact hub ("barometer") on the Romanian start-ups.

According to the country profile of Global Entrepreneurship (GEM) for Romania, there are several notable trends, namely:

- the rate of early-stage entrepreneurial activity in Romania in 2014 is 11.35% of the working-age adult population. Entrepreneurial activity in its early stages consists of those entrepreneurs who started a business less than three months and those who worked more than three months, but less than three year and a half (42 months). This rate is slightly higher than it was in 2013 (10.1%) and is higher than the rate recorded in Croatia, Hungary and Poland and is similar to that in Lithuania.
- the share of newborn entrepreneurs fell to 5.33% in 2014, from 7.94% in 2013. This rate is similar to Croatia, Hungary, Lithuania and Poland. The share of young business entrepreneurs increased to 6.17% in 2014, from 4.20% in 2013, which is the highest value among the efficiency-based economies in the European Union.
- the activity rate in the early stages, ie the rate of those who claim to act, because there is a good opportunity and it is not necessary, increased to 7.96% in 2014, compared to the rate measured in 2013 (6.8%). This value is higher than the rate in Croatia, Hungary and Poland, but lower than Lithuania (9.01%). The rate of entrepreneurship in the early phase determined by necessity is 3.28%, similar to the rate registered in 2013.
- the typical Romanian entrepreneur is a man, between 25 and 44 years old, has a secondary or post-secondary level and a household income mainly in the third higher level.

In Romania, the entrepreneurial activity from the beginning stage seems to be more oriented towards the transforming sector (31.31%), followed by the extractive sector (26.89%). Only 15.57% of them early stage entrepreneurs use the latest technology, while 25.82% of the technology nine. Most early stage entrepreneurs (62.0%) employ between one and five employees.

Following the study carried out by the Romanian Executive Agency for Higher Education, Research, Development and Innovation Financing (UEFISCDI) on the Romanian entrepreneurial ecosystem, a high social status has been given to entrepreneurship in general. A large percentage of adults intend to start a business (entrepreneurial intentions), and the attention paid to the media for entrepreneurship is high. A weakness of the culture is the tendency towards employment, rather than self-employment (entrepreneurship), due to the lack of opportunities to finance a business. There is also a low risk rate and only a small number of opportunities-oriented entrepreneurs. The study also established a global index of the Romanian entrepreneurial ecosystem where Romania obtained a 4.5 out of 10, which suggests

that the Romanian entrepreneurial ecosystem is poorly developed. According to the study, ordinary Romanian entrepreneurs tend to be self-sustaining and are not encouraged or supported by the ecosystem. Most respondents to the survey said they were encouraged and supported by family and friends in starting their activity, while only a few felt that they were recommending others to enter the field of entrepreneurship. The networks established between entrepreneurs were not strong enough to lead to a supportive environment.

3. RESEARCH METHODOLOGY

The first stage for conducting the study involved a complete analysis of the Romanian entrepreneurial ecosystem using the data provided by the Global Entrepreneurship Monitor (GEM), this analysis providing an overview of the current situation and how it can be intervened. The next step was to identify the factors that have the potential to positively or negatively influence the entrepreneurial ecosystem in a particular region. These factors were identified after studying the literature on entrepreneurship. The main factors that have the potential to influence the situation of entrepreneurship were identified as: the competences and abilities of the entrepreneur, access to financing sources, taxes and other administrative barriers, the existence of networks and connections, the culture and the entrepreneurial capital, the entrepreneurial education and the public policies. Each of these factors was analyzed to see what its current status is and to provide recommendations on how it can be improved.

3.1. Data analysis and interpretation

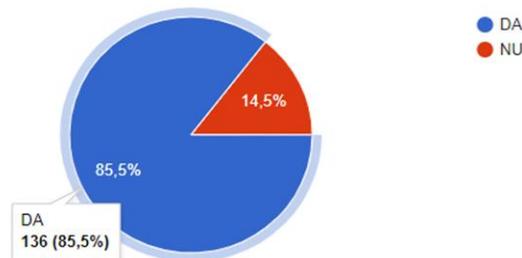
For a complete analysis, a questionnaire was created in which each of the analyzed factors was represented by a number of observable indicators that the respondents evolved on a Likert scale with values from 1 to 5.

The questionnaire was distributed online between February and June 2019 the entrepreneurial communities in Romania and had 159 respondents, and its results are important because all the respondents (although not all entrepreneurs) are people who understand the Romanian entrepreneurial ecosystem and the answers have been analyzed. from the qualitative and quantitative point of view. All 159 questionnaires were completed correctly, these being the subject of a statistical analysis. For data processing, the program used was the statistical package for social sciences-SPSS, one of the most used programs in the statistical analysis of data. All measured indicators were analyzed by calculating arithmetic averages and squared mean deviations. In addition, the responses were compared between different age groups and between entrepreneurs and those who have not yet taken the first step to understand what the differences in perception are determined by demographic factors.

3.2. Result

Following the application of the questionnaire of the 159 respondents it was shown that: 40% of the respondents are entrepreneurs and 60% (they are not entrepreneurs). Entrepreneurs answered what were the motivations that were the basis of their own businesses to be able to identify quantitatively, how many of them chose to start on the road because they saw an opportunity, and how many of the necessity. They were asked if entrepreneurship was their only option when they chose to start a business on their own and were offered two answer alternatives: "I had no other alternatives" or "Yes, I could have done other things, but I chose to be an entrepreneur". The results of the study were surprising: only 14.5% of the entrepreneurs stated that they had to start their own business, the other 85.5% said they could have chosen something else, but they chose to be entrepreneurs.

159 de răspunsuri

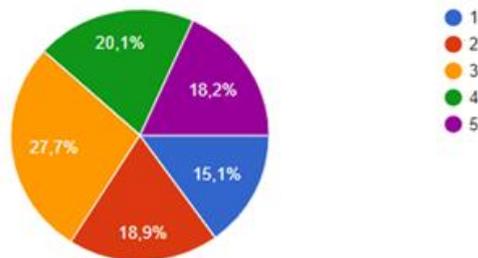


Source: Data collected through the questionnaire

Figure 2. Distribution of respondents

Respondents who did not start their own businesses were asked to evaluate the probability of starting a new business in the following years on a scale from 1 to 5, where 1 represents the least likely situation and 5 represents the certainty of starting a company. This indicator represents the entrepreneurial inclination of the population, defined as the probability of becoming entrepreneurs in the future.

159 de răspunsuri

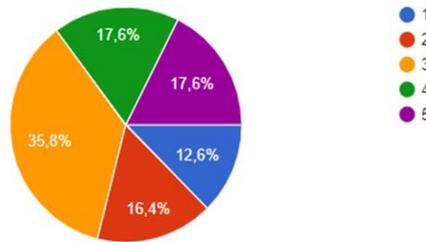


Source: Data collected through the questionnaire

Figure 3. Probability of starting a new business in the coming years

Public policies instead of contributing to the development of the Romanian entrepreneurial ecosystem, public policies are a major impediment. In order to understand how people perceive the measures taken so far at government level, respondents were asked to assess on a scale of 1 to 5 whether public policies encouraged them to become entrepreneurs, if the Romanian state has an adequate policy for entrepreneurship. and if they are aware of government initiatives to promote and support entrepreneurship.

159 de răspunsuri



Source: Data collected through the questionnaire

Figure 4. Public policies

The result was that the respondents considered that the legislative framework was an impediment in their choice to become entrepreneurs. The necessary measures can be taken at both the public and private levels. As a result of the study results and discussions with important representatives of the business environment, we believe that there should be a clear division of all responsibilities so that the public and private sectors have the power to make a significant contribution to the development of the Romanian entrepreneurial ecosystem. Romania has a strong entrepreneurial culture where entrepreneurs are appreciated and initiatives are supported. Moderate-negative perception of failure and negative influence of teachers, parents and family have a negative impact on the entrepreneurial behavior of young people. This problem can be solved by educating these categories of influence and developing their entrepreneurial spirit, while promoting the right models, events and competitions for start-ups, etc.

4. CONCLUSIONS

The economic growth of a country is dependent on the extent of the entrepreneurial activity, which, in turn, depends on the quality of the entrepreneurial ecosystem. The entrepreneurial ecosystem comprises a large area of community life, which makes it rigid in relation to measures aimed at optimizing it. For this reason, the development of economic development strategies for a country or region must start

from the evaluation of the entrepreneurial ecosystem and the identification of opportunities for its improvement.

The measures needed to improve entrepreneurship can be taken at both the public and private levels. As a result of the study results, we believe that there should be a clear division of responsibilities. Thus, at the governmental level the state should focus on improving the quality of entrepreneurial education programs and in this sense there should be a link between school and the business environment, and the curriculum should be adapted to market conditions. On the other hand, the private environment can make a significant contribution to the development of entrepreneurship by implementing quality programs, training sessions, events and competitions for entrepreneurs at the beginning of the road, mentoring and support programs for start-ups or information sessions on existing funding opportunities.

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