



PROMOTING ENTREPRENEURSHIP IN ROMANIA: AN IMPACT STUDY WITHIN RECENT GRADUATES OF ECONOMIC SCIENCES

BUDAC Adriana-Camelia

Lucian Blaga University of Sibiu, Romania

PENTESCU Alma

Lucian Blaga University of Sibiu, Romania

Abstract:

There are plenty of reasons into choosing entrepreneurship as opposed to employee's status: the most frequent being the independence and the financial gain of the entrepreneur. Furthermore, it could even be assimilated as an alternative livelihood to lack of employment or risk of becoming unemployed. Promoting entrepreneurship through an entrepreneurial curricular plays a major role in acquiring the key individual skillset needed. The enterprising spirit of the new generation is impacted by entrepreneurial education, developing the can do attitude and enforces it's role within economy and the society. The required skillset that allows entrepreneurs to transform ideas into action are: creativity, innovation and risk appetite as well as goal and project management. The hereby paper is a quantitative research of entrepreneurial intent within economic studies graduates and the impact of the Romanian entrepreneurial promotion initiatives on the aforementioned.

Key words: *entrepreneurship, quantitative research, Romanian graduates of economic studies*

1. Introduction

There is no doubt that entrepreneurship is important for the economic growth. Entrepreneurs contribute to the creation of new jobs, identifying new business opportunities and developing technological innovation, to the development of new products and services, stimulating investment in the local economy and attracting foreign investment that generate wealth and contribute to a growing competitiveness.

The concept of "entrepreneurship" is familiar to the majority of persons in contact with the labour market, due to the high flow of information frequently presented on all media channels and each one's inner tilt to reflect on the possibility to set up his own business in a near or remote future.

The current socio-economic context under the influence of the recent global crisis has highlighted more than ever the entrepreneurial phenomenon, as an engine of

support of the measures on the labour market, facilitating the creation of new jobs and the stimulation of the real economy.

2. The conceptual approaches of entrepreneurship

There are many definitions of entrepreneurship, but in order to understand its role in the economic growth we will bring into discussion the one accepted by the Global Entrepreneurship Monitor (GEM), namely: *“any attempt at new business or new venture creation, such as self-employment, a new business organization, or the expansion of an existing business, by an individual, a team of individuals, or an established business”* (Reynolds et al., 1999, 2000, 2001). This definition corresponds to the concept of occupational dimension of entrepreneurship rather than the behavioural one, involving/referring to the creation and operation of new economic opportunities without being business owners, but intrapreneurs.

One of the origins of the word "entrepreneur" is attributed to the French economist Jean-Baptiste Say, around 1800, who described it as the transfer of economic resources from an area with low productivity, to another one with high productivity and greater efficiency. As a cotton producer, Say realized how the entrepreneur must identify opportunities in order to leverage them effectively. In other words, entrepreneurs are those individuals (business owners) who generate value through the initiation and development of economic activities, through the identification and exploitation of new products, services and markets.

3. Coordinates of entrepreneurship in the EU

Entrepreneurship is one of the pillars of European strategies in the field of employment, alongside with the improvement of employment capacity, the promotion of the adaptability capacity of enterprises and their employees (adaptability) and the insurance of equality between women and men (equal opportunity).

In recent decades, supporting entrepreneurship has been accelerated, in the EU as in very many states, while the formulation of policies for economic development without taking into account the improvement of the entrepreneurial environment through the removal of obstacles or through direct actions of support has become untenable.

The supplement and intensification of the measures for promoting entrepreneurship at all levels (European, national, regional) is assumed, since 2008, in the strategic documents of the European Union. Entrepreneurship is one of the main success factors for the EU 2020 Strategy, promoting and supporting entrepreneurship being laid out in a series of actions aimed at smart growth, industrial policy, research-innovation or education.

The European Commission launched, in the autumn of 2012, a Plan of action for the development of entrepreneurship (Entrepreneurship 2020 Action Plan) at all levels (European, national, regional), which aims to boost entrepreneurship in Europe in anticipation of the year 2020, by unlocking the potential for growth and jobs.

4. Coordinates of entrepreneurship in Romania

There are projects carried out in the context of these constant concerns about entrepreneurship development, both at European level and national level, which are focused on:

- ✓ stimulating the creation of new small businesses and improving the economic performance of those already existing,
- ✓ improving the entrepreneurial skills of young people,
- ✓ the creation of business incubators, aimed at creating a favourable business environment for the development and growth of SMEs,
- ✓ promoting entrepreneurial culture,
- ✓ support and consulting for starting a business,
- ✓ consolidation of a dynamic private sector,
- ✓ strengthening the relationship between training institutions and the labour market,
- ✓ setting up educational structures to promote entrepreneurship,
- ✓ encouraging, through financial support, the social economy structures,
- ✓ credit facilities for women and young entrepreneurs.

It is becoming increasingly obvious that in the actual social and economic situation of the labour market, we can speak of a significant increase in the interest in exploring entrepreneurial opportunities regardless of area of activity of interest of the person concerned. It is becoming more and more prevalent, even in the Romanian space, the phenomenon of entrepreneurship by necessity (necessity-driven entrepreneurial activity) towards opportunity entrepreneurship (improvement-driven opportunity entrepreneurial activity).

The economic, social and educational realities highlight the need for growth and development of a new generation of entrepreneurs with characteristic skills such as responsibility, spontaneity, adaptability, flexibility, initiative and management skills. These skills are essential for an entrepreneur profile, generating specific skills with regard to the identification and implementation of appropriate strategies of economic efficiency.

The development of these skills cannot be achieved on its own, but needs an appropriate framework. In this context, educational opportunities and rethinking of diversifying the curriculum with entrepreneurial programs becomes a necessity. In the context of concern for developing entrepreneurial culture in Romania, the process of “growing” entrepreneurs or of growing as an entrepreneur gets organized, step-by-step, with standard and performance benchmarks. Thus, there were created training programs based on the principles of continuous education and on standardized curricula and accredited by relevant institutions. Utterly paradoxical, such a standard of quality in continuing education stimulates adaptability on a flexible labour market and develops potential to generate opportunities, not just to use the existing ones effectively.

With regard to the concern for the development of individual qualities that are relevant for entrepreneurship, European documents mention the following objectives for education:

- improving managerial skills - encouraging the development of the capacity to solve problems, along with the ability of planning, decision-making, willingness to assume responsibility;
- developing social competence - optimizing cooperation skills, networking, the willingness of team roles;
- developing of autonomy and personal autoeficiency - increase confidence in its own person and motivation to perform, learn to think critically and independently, increase the desire to learn autonomously;
- developing entrepreneurial capacity - encourage personal initiative, proactivity and creativity, preparation for dealing with the risks of the activity.

Among the characteristics of a successful entrepreneur we find:

- the ability to concentrate all available resources into trying to get extra value from their own business, person who expanded and developed a profitable business;
- proven and recognized experience in a particular field;
- a psychological profile characterized by: good organization, creativity, ability to implement initiatives to optimally manage resources-relationship goals, technical knowledge for the benefit of business, entrepreneurial knowledge and about setting up and running a business, charisma, ability to fundraise, communication skills, ability to make decisions, to feel the market, having the ability to think critically and independently, to meet the challenges, to have team spirit, to have the status of «leader» within the company, to be inventive, original, spontaneous, willing to risk taking;
- the ability to make every time a thorough research of the market and taking into account all the details and all the internal and external factors influencing the business just started.

However, the economic realities from Romania represent the true barriers to initiatives and entrepreneurial success which could not be fully eliminated by active measures launched so far. A brief overview of these highlights:

- the lack of entrepreneurial education and traditions as well as a culture of entrepreneurship;
- the preference of the population in the period of the 2000s characterized of economic growth for riskless jobs offered by large companies;
- a still-existing excessive and stifling bureaucracy for any entrepreneurial beginning;
- the persistence of the fear of failure, the negative attitude towards risk (put both on the account of an unstable socio-economic context, but also on the lack of a real culture, education in this respect);
- the instability of the economic legislative framework which prevents any forecast of profitable economic activity;
- the lack of accessibility to physical infrastructure;

- limited capabilities in terms of availability of capital required to an initiation of a business;

- low confidence in support from the outside.

Thus, measures are necessary to counter the effects of the economic crisis and trigger the entrepreneurial potential of Romania by changing the entrepreneurial culture. Their purpose is to facilitate the creation of new business in an environment that will support existing entrepreneurs to thrive and grow:

- greater support given to entrepreneurs by the government policies:

- obtaining approvals and necessary permits for the business activity,

- the amount of fees and taxes,

- tax regulations,

- bureaucracy at local and central level;

- promote entrepreneurial education especially in the primary and secondary school:

- encouraging creativity, self-confidence and personal initiative,

- ensuring adequate training with regard to the principles of market economy,

- adequate attention to entrepreneurship and the establishment of new companies;

- change social and cultural norms relating to entrepreneurship:

- encouraging individual success achieved by their own personal efforts,

- encouraging entrepreneurial risk-assuming,

- encouraging creativity and innovation;

- facilitate the access to the various sources of financing:

- financing via loans for new and growing businesses,

- financing via government subsidies for new and growing businesses,

- venture capital,

- financing via initial public offerings for new firms and those in development.

5. Research methodology

Based on the above mentioned issues, we have conducted a direct, selective marketing research among graduates of the Faculty of Economic Sciences (of the "Lucian Blaga" University of Sibiu), in order to find out their perception of entrepreneurship in Romania.

Along these lines, the identified **decision problem** consists in finding the answer to the following questions: *How many graduates of economic studies have (or want to start) their own business?*, *To what extent do they know the main initiatives of promoting entrepreneurship in Romania?* and *What is their perception of entrepreneurship in Romania?* Thus, the **purpose of this research** is to study the perception of graduates of economic studies towards entrepreneurship in Romania.

The research objectives and hypothesis, set in accordance with the above mentioned purpose, are:

Table 1: Research objectives and hypothesis

Objectives		Hypothesis	
O1	Determining to which extent the graduates of economic studies have (or want to start) their own business.	H1	Approximately one third of the graduates of economic studies have (or want to start) their own business.
O2	Identifying the main reasons which determine graduates to start their own business.	H2	The financial gain and the independence are the main reasons which determine graduates to start their own business.
O3	Identifying the main reasons which prevent graduates from starting their own business.	H3	The lack of necessary financial resources and the difficulty in filing out the necessary documentation are the main reasons which prevent graduates from starting their own business.
Objectives		Hypothesis	
O4	Evaluating graduates' awareness of the main initiatives of promoting entrepreneurship in Romania.	H4	Most graduates are moderately aware of the main initiatives of promoting entrepreneurship in Romania.
O5	Knowing the perception of graduates of economic studies towards entrepreneurship in Romania.	H5	Most graduates of economic studies have a positive perception towards entrepreneurship in Romania.
O6'	<i>The secondary objectives will be studied according to the socio-economic and demographic variables of the research, namely: education, age, gender, residence and monthly net income.</i>	H6'	<i>Age is the main socio-economic and demographic criterion that influences graduates' perception of entrepreneurship in Romania.</i>

The conducted research is a descriptive one, which aims to portray the characteristics of the studied phenomenon, as they exist at the time of the study. The quantitative research was carried out through a survey, the questionnaires being distributed within the Faculty of Economic Sciences (of the "Lucian Blaga" University of Sibiu). As regards the sampling technique, we used the simple, random sampling (Cătoi, 2009).

The respondents were graduates of the Faculty of Economic Sciences, both from the Bachelor's and Master's programmes, respectively full-time studies and reduced frequency courses. The unit of observation coincided with the unit of analysis (in this case, the individual).

The information sources used were primary, external and cross-sectional. Thus, the information was collected directly from respondents, using a questionnaire with 17 questions, of which 15 closed questions (dichotomous and multichotomous) and 2 open questions. The variables were measured using nominal and interval scales.

The sample was comprised of 201 respondents. 4 questionnaires were excluded because of inconsistent data or because of incomplete answers, leaving a finale sample of 197 respondents.

6. Results

For the information's preparation and processing we used IBM SPSS Statistics and Microsoft Office Excel. Thus, as regards the extent to which the graduates of economic studies have (or want to start) their own business, out of 197 respondents, 25 (13%) have (or had) their own business, while 172 (87%) do not have their own business (fig. 1).

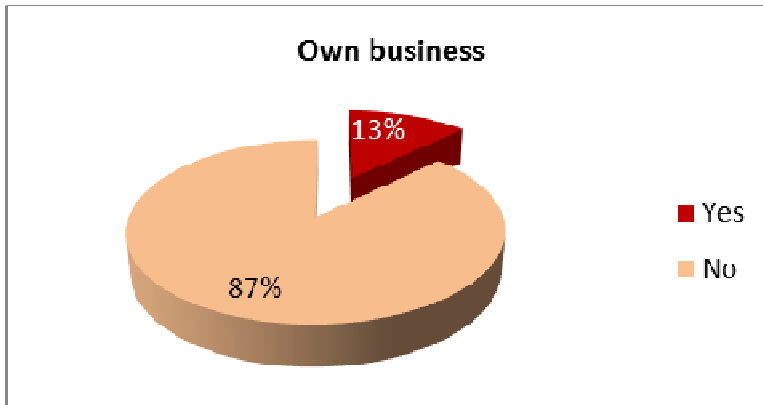


Figure 1 - The percentage of graduates who have (or had) their own business

13 of the **25 respondents who have (or had) their own business** graduated the Bachelor's programme (of which 7 from the "*Management*" specialization) and 10 graduated the Master's programme (of which 4 from the "*Management and marketing strategies and policies of the firm*" programme and another 4 from the "*Business management*" programme). Furthermore, most of them (n=14) are aged between 23 and 30 years, are male (n=15), live in urban areas (n=22) and have a monthly net income between 1501-4000 lei (n=10).

In terms of future prospects, of the 25 respondents who have (or had) their own business only half of them (n=13) intend to continue their business, whereas some of them (n=3) wish to drop out and get employed by a company (+ 9 non-answers).

Asked if they intend to start their own business in the next 2-3 years (fig. 2), 103 graduates (52%) confirmed their intention, while 72 (37%) do not intend this (+ 22 non-answers).

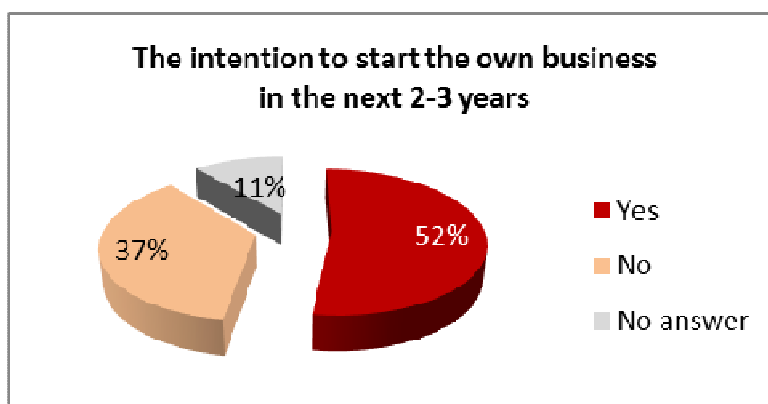


Figure 2 - The percentage of graduates who want to start their own business in the next 2-3 years

Furthermore, 63 of the **103 respondents who expressed the intention to start their own business in the next 2-3 years** graduated the Bachelor's programme (of which 26 from the "Management" specialization, 22 from the "Economy of commerce, tourism and services" and 7 from the "Accounting and management information systems" specialization) and 40 the Master's programme (of which 17 from the "Management and marketing strategies and policies of the firm" programme). Also, most of them (n=48) are aged between 23 and 30 years, are female (n=75), live in urban areas (n=79) and have a monthly net income of 701-1500 lei (n=47).

As regards the domain in which the respondents had / have / want to start their own business (fig. 3), the majority opted for services (32%), tourism (17%), commerce (9%), as well as marketing (9). Also, most businesses are (or will be developed) in urban areas (83%).

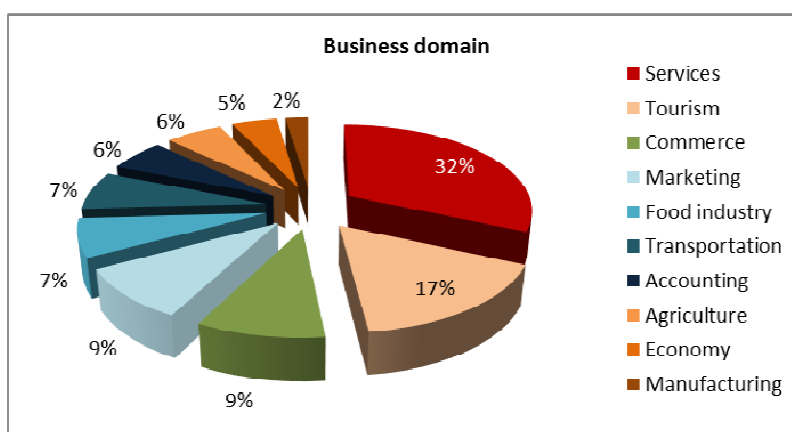


Figure 3 - The domain in which graduates had / have / want to start their own business

Hence, the hypothesis H1, according to which approximately one third of the graduates of economic studies have (or want to start) their own business, is confirmed.

In terms of the main reasons for which graduates want to start their own business, data analysis revealed that almost one third are motivated by the potential financial gain - revenues, profit -, whereas approximately a quarter of them by the

desire for independence - the ability to be their own boss, freedom of choice and flexible program - (fig. 4). Also, it is worth mentioning that 14% of the respondents consider the current economic context (in terms of the existing opportunities as well as lack of jobs) as an incentive to develop their own business.

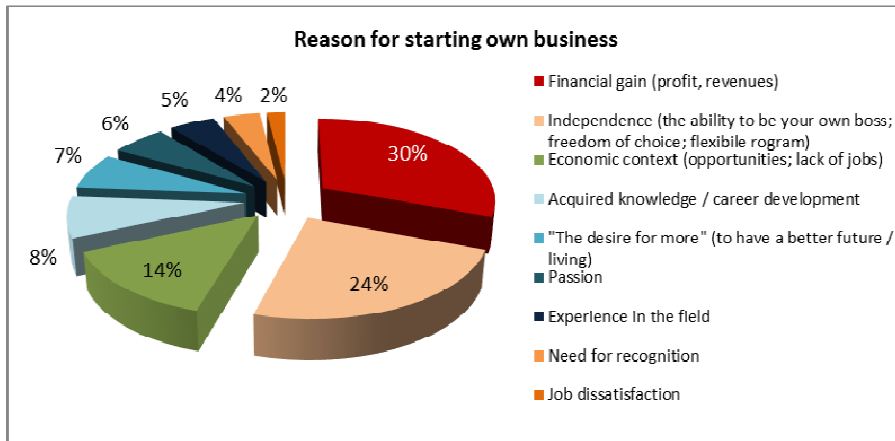


Figure 4 - The main reasons for which graduates would start their own business

Thus, the hypothesis H2 (the financial gain and the independence are the main reasons which determine graduates to start their own business) is confirmed.

As for the main reasons which prevent the graduates of the Faculty of Economic Sciences (of the "Lucian Blaga" University of Sibiu) from starting their own business (fig. 5), more than half of them indicated the lack of the necessary financial resources. Besides this, the lack of a business idea (14%) and the fear of failure (13%) are important reasons.

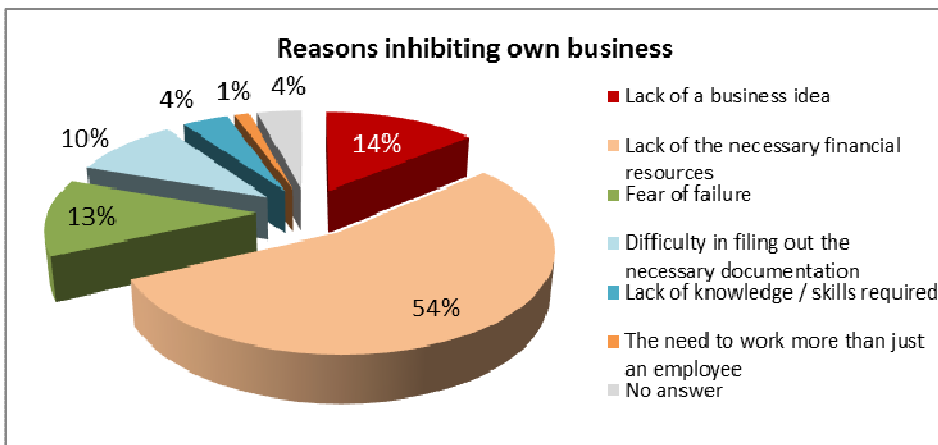


Figure 5 - The main reasons which prevent graduates from starting their own business

Hence, the hypothesis H3, according to which the lack of necessary financial resources and the difficulty in filing out the necessary documentation are the main reasons which prevent graduates from starting their own business, is only partially confirmed.

In terms of graduates' awareness of the main initiatives of promoting entrepreneurship in Romania (fig. 6), almost one third of the questioned graduates

have only heard of these initiatives, whereas approximately half of them know something about these initiatives. Moreover, none of the socio-economic and demographic variables of the research seem to influence graduates' awareness.

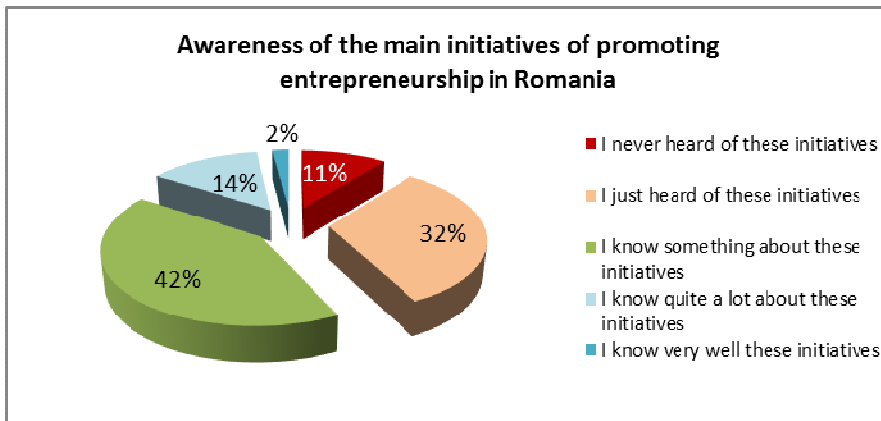


Figure 6 - Graduates' awareness of the main initiatives of promoting entrepreneurship in Romania

Thus, the hypothesis H4 (most graduates are moderately aware of the main initiatives of promoting entrepreneurship in Romania) is confirmed (with an overall score of 2.6). In this context, we consider that a better promotion of these initiatives is necessary (through a better identification of the target audience, namely by choosing the most appropriate communication channels for the potentially interested).

As regards the perception of the graduates of economic studies towards entrepreneurship in Romania (fig. 7), almost a quarter of the respondents have a negative perception or have not yet formed an opinion on this matter, while nearly half of them have a positive perception. According to the overall calculated score (= 3.2), the perception is slightly favourable. Also, none of the socio-economic and demographic variables of the research seem to influence it.

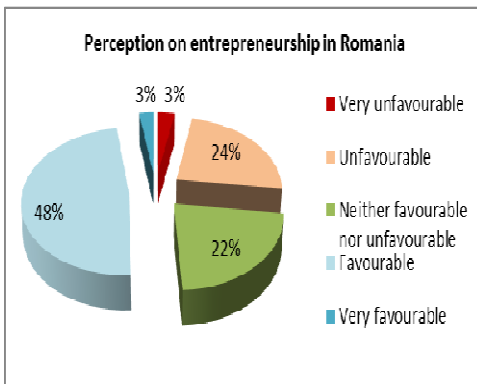


Figure 7 - Graduates' perception towards entrepreneurship in Romania

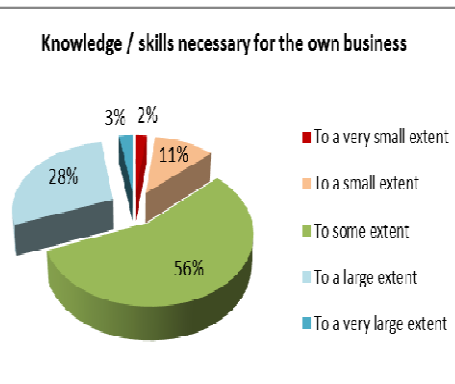


Figure 8 – Graduates' opinion on their knowledge / skills necessary for their own business

Hence, the hypothesis H5, according to which most graduates of economic studies have a positive perception towards entrepreneurship in Romania, is confirmed. However, given the relatively high number of those who have a negative perception,

researching the reasons behind this perception might be useful in order to remove the causes (if possible) and convert the negative perception into a positive one.

Asked if they believe they have the knowledge / skills to have their own business, more than half of the graduates of the Faculty of Economic Sciences (of the "Lucian Blaga" University of Sibiu), said that they have this knowledge / skills only to some extent. In addition, 85% of them (n=168) consider that it would be useful to study entrepreneurship.

On these lines, given the relatively low awareness of the main initiatives of promoting entrepreneurship in Romania, as well as the percentage of those with a positive perception, one way to inform students about these initiatives could be through discussions within the Faculty of Economic Sciences. These might take several forms, such as: organizing lectures/workshops with experienced speakers (various entrepreneurs), visiting different companies (possibly some companies run by young entrepreneurs), teaching entrepreneurship, etc. Furthermore, we believe that a better cooperation between the academic and the business environment would be beneficial, because it would allow a better practical application of the acquired knowledge.

7. Conclusions

In recent years, entrepreneurship was supported in the European Union, as well as in Romania. Also, it has been more intensively promoted and, since 2012, included in an action plan of the European Commission. Furthermore, the current social and economic situation of the labour market stimulated the interest in exploring entrepreneurial opportunities. Thus, the need for educating a new generation of entrepreneurs, respectively the need for an appropriate framework which allows them to develop the necessary skills become obvious.

In this context, educational opportunities and rethinking of diversifying the curriculum with entrepreneurial programs become a necessity. Still, the Romanian business environment continues to have some barriers (for example: excessive and stifling bureaucracy, instability of the economic legislative framework, lack of accessibility to physical infrastructure) which need to be eliminated as soon as possible.

These aspects were also captured by 36 national experts (Nagy et. al, 2013), which consider that *"the less proper conditions are the government policies, entrepreneurial finances and government entrepreneurship programs. The best rated conditions are the physical infrastructure (except for roads) and the entry regulations"*. In addition, only approximately 30% of the questioned individuals (Nagy et. al, 2013) consider that there are good conditions to start a business (in Romania) in the following six months. Likewise, our research shows that 25 out of 197 graduates of economic studies (13%) have (or had) their own business. As regards the intention to start their own business in the next 2-3 years, 103 of them (52%) confirmed.

Furthermore, two of the main reasons for which graduates want to start their own business are the potential financial gain and the desire for independence - the ability to be their own boss, freedom of choice and flexible program -. By contrast, the main reason which prevents them from starting their own business is the lack of the necessary financial resources.

Surprisingly for graduates of economic studies is the fact that most of them are just moderately aware of the main initiatives of promoting entrepreneurship in Romania. Thus, we consider that a better promotion of these initiatives is necessary (through a better identification of the target audience, namely by choosing the most

appropriate communication channels for the potentially interested). Moreover, about a quarter of the respondents have a negative perception towards entrepreneurship. In this context, we think that it might be useful to research the reasons behind this perception in order to remove the causes (if possible) and convert the negative perception into a positive one.

Another important aspect refers to the necessary knowledge and skills to start a business. On this line, Nagy et. al. (2013) found out that 45.87% of the Romanian population aged between 18-64 years consider to have the necessary knowledge and skills. Compared to Hungary, this percentage is higher, while compared to Slovakia and Croatia it is lower. As regards the graduates' perception, more than half of them consider they have this knowledge / skills only to some extent, whereas about a quarter of them think to have them to a large extent. In addition, 85% consider that it would be useful to study entrepreneurship.

To sum up, we believe that a better cooperation between the academic and the business environment would be beneficial, because it would allow a better practical application of the acquired knowledge. Also, the Faculties of Economic Sciences could organize lectures/workshops with experienced speakers (various entrepreneurs), visits at different companies (possibly some companies run by young entrepreneurs) and / or teach entrepreneurship.

8. References

- Cătoi, I. (ed.) (2009), Handbook of Marketing Research, Uranus Publishing House, Bucharest.
- Nagy, Á., Dezsi-Benyovszki, A., Gyorfy, L.Z., Pete, Ş., Szabo, T.P. (2013), Entrepreneurship in Romania. Country Report.
- Reynolds, P. D., Hay, M. and Camp, S. M. (1999), Global Entrepreneurship Monitor 1999 Executive Report, Kauffman Center for Entrepreneurial Leadership at the Ewing Kaufman Foundation.
- Reynolds, P. D., Hay, M., Bygrave, W. D., Camp, S. M. and Autio, E. (2000), Global Entrepreneurship Monitor 2000 Executive Report, Kauffman Center for Entrepreneurial Leadership at the Ewing Kaufman Foundation.
- Reynolds, P. D., Camp, S. M., Bygrave, W. D., Autio, E. and Hay, M. (2001). Global Entrepreneurship Monitor 2001 Summary Report, London Business School and Babson College.
- Say, J.B. (1803), *Traité d'économie politique*. Translated from the 4th edition of the French by C. R. Prinsep. A treatise on political economy; available online at: <http://www.econlib.org/library/Say/sayT.html>
- Sasu, C., Sasu, L. (2015), Demographic determinant of the entrepreneurship intentions. The case of Romania, *Procedia Economics and Finance*, no. 20, pp. 580-585
- Sternberg R., Wennekers S. (2005), Determinants and Effects of New Business Creation Using Global Entrepreneurship Monitor Data, *Small Business Economics*, Vol. 24, no. 3, pp. 193-203
- Promovarea antreprenoriatului ca factor cheie pentru dezvoltarea economică, Raport realizat de Fundația Post-Privatizare, octombrie 2012, Versiunea electronică a lucrării este disponibilă pe website-ul Fundației Post-Privatizare www.postprivatizare.ro și pe portalul www.esimplu.ro
- Global Entrepreneurship Monitor (GEM), 2014, Global Report
- Entrepreneurship 2020 Action Plan
- http://ec.europa.eu/enterprise/policies/sme/public-consultation/index_en.htm
- <http://www.entrepreneur.com>
- <http://www.economist.com>
- <http://www.gemconsortium.org>