ROMANIAN ENTREPRENEURSHIP IN EUROPEAN CONTEXT: ORIGINS AND FUTURE

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Abstract

Starting and developing a business is no longer a challenge as booth an adventure. Wold (economic, social, cultural) today differs fundamentally from that of a century ago and half of the United States of America or Europe, when there were first a family business or individual as the predecessor of today’s small and medium enterprises. Reality economic, social and European policy today requires more than ever to create a business environment to highlight the private initiative, entrepreneurship, competitiveness and innovation. Most of the characteristics of small and medium-sized private business in Romania are similar to those in countries where such organizations is encouraged. A small portion of them are influenced by specific factors, however, when presenting a comparative analysis of certain elements of differentiation. The current phase they go through private small and medium enterprises in Romania, which began with ongoing EU accession prospects have the seeds of Romanian entrepreneurship in the coming years. How real economic integration efforts are consistent on both sides, the focus of political attention is warranted and is intended to be a sustainable.

Keywords: Entrepreneurship, small and medium-sized enterprises (SMEs), franchise, entrepreneurship education.

JEL Codes: M16, M0, L26

1. ENTREPRENEURSHIP

Constantin Rădulescu Motru in his Energy Personalism (1928) [1] let posterity the belief that "The man is so true how is it working power", capturing both the spirit of the entrepreneur seeker. Entrepreneurship is generally accepted to be "noise" term economic development [2]. Entrepreneurs are initiators, those introducing new products and production processes in the economy. In this process, companies are forced to innovate to withstand the pressure generated by new businesses. As a result, entrepreneurship has a rejuvenating effect, training and transforming economies. This theoretical relationship has inspired a large body of empirical studies in developed countries that are largely agree on the positive correlation between entrepreneurship and economic growth [3].

Entrepreneurship is generally seen as a positive result, and also as a pivotal economic development [4]. The main argument for "entrepreneurship" is the positive effect it has on business. The idea can be found in the work of Schumpeter [5] in which he shows that the introduction of new ideas, products, production processes and organizational structures, causing entrepreneurs and future economic conditions affect the present. Existing firms are forced to adapt to the new standards. Those who are unable to do so will experience performance loss and, eventually, disappear. This process of "creative destruction" increases productivity and regional competitiveness and, as a consequence, regional economic development. This is actually the reasoning applied in assessing the role of entrepreneurship in economic growth for developed countries. It remains unclear whether the same positive relationship can be expected for developing countries. There are reasons to expect that the situation be different in developing countries. Schumpeterian views on entrepreneurship, means that new firms are started based on perceived business opportunities that are left unexplored by existing firms. It is necessary
To distinguish between opportunity and necessity as a starting point in starting a business. In developing countries, the motivation for entrepreneurship is the need for self-subsistence, because all other options for work are either absent or unsatisfactory [6]. Necessity entrepreneurship appearance is related to the early development stage of an economy. Developing countries are expected to have a greater share of necessity-based entrepreneurship because of the need for self-subsistence and lack of employment opportunities [7].

The 2004 Global Entrepreneurship Monitor shows that for both developed countries and those in developing countries, entrepreneurship is a positive relationship, opportunity-necessity ratio and GDP levels are evidence of this relationship. It can be said that the Schumpeterian hypothesis, that the positive relationship between entrepreneurship and economic development is mainly applied in developed countries. GEM uses explicit distinction between necessity and opportunity entrepreneurship, in explaining the relationship between the GDP and entrepreneurship.

The birth of a business be considered a stage entrepreneurial activity, not its starting point or final result. Existence, the discovery of entrepreneurial opportunities and the decision to exploit is the starting point of any business activity [8]. According to Ellsberg [9] and Tversky, Kahneman to meet other entrepreneurs can increase the tendency of an individual to start a business. Perceptions are a mediator between preferences and entrepreneurial behavior. They affect both the perception of probabilities and outcomes [10]. Among demographic variables, age and gender have been shown to play a role in business decisions. According Koellinger, P. et al. [11] Levesque, Minn. [12], the probability of starting a business was shown to increase with age to a point threshold and slows thereafter. Blanchflower [13] pointed out that the men were found to be more likely than women to start a business.

The main aim of GEM research is to study the complex relationship between entrepreneurship and economic growth, to measure the level of entrepreneurial activity between countries, find factors determining the levels of entrepreneurial activity and to identify policies that can stimulate the activity of entrepreneur.

The study focuses on population characteristics, such as demographics, individual skills and the attitude on entrepreneurship, taking into account these classification socio-demographic factors and perceptual factors. Several factors influence the decision of individuals to start a business, such opportunities in their perception, knowledge and skills, knowledge of other people involved in entrepreneurial activity, fear of failure. The factors studied are grouped into demographic variables (eg, age, gender, household income, education level and occupation) and perceptual variables (eg, fear of failure, finding opportunities, self-confidence).

GEM reports demonstrate the link between the economic development of a country and the rate of early-stage entrepreneurial activity (Bosma et al., 2010, Bosma et al., 2009, Bosma et al., 2008) [14]. GEM results confirm that institutional and demographic characteristics, entrepreneurial culture and economic wellbeing of a country emerging entrepreneurial characteristics (Bosma et al., 2010).

In Romania, the rate of early stage entrepreneurial activity in 2009 is 5.02% higher than that measured in 2008 (3.98%). Table 1 shows the most important entrepreneurial activity rates measured in 2007-2009 in Romania. These rates are among the lowest in the efficiency-driven economies.

<table>
<thead>
<tr>
<th>Table 1 Rates of entrepreneurial activity in Romania (%)</th>
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<tbody>
<tr>
<td>Entrepreneurial activity rates</td>
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<tr>
<td>Entrepreneurs in training</td>
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<td>New firm owners</td>
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<td>Established business owners</td>
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<td>Early-stage entrepreneurs</td>
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Individual perceptions of entrepreneurship describe changes in period. During the global financial crisis percentage of those who believe that fear of failure would prevent
starting a business in increased (from 28.3% in 2007 to 50.4% in 2009), while the rate of those who consider that in the next six months will be good opportunities for starting a business environment they inhabit decreased (from 26.2% in 2007 to 13.8% in 2009).

In 2009 the rate of early-stage entrepreneurial activity was 5.02% higher than the rate measured in 2008 (3.98%). Although this rate has increased, it remains one of the lowest among economies based on efficiency. Variables that significantly influence their desire to start a business are: household income, knowing other entrepreneurs, age, sex, fear of failure, confidence in knowledge and entrepreneurial skills, perception of entrepreneurial success by promoting media and occupation. In 2007-2008 determinants or changed, age, sex, fear of failure and factors that influence occupation became likelihood of becoming an entrepreneur at an early stage during the global financial crisis.

2. SMALL AND MEDIUM-SIZED ENTERPRISES (SMEs)

2.1. CONCEPT OF SMEs

Recovery efforts after the Second World War primarily involved the creation of jobs to enable the emergence and consolidation of a number of middle class consumers. Generator role was played by big companies quickly became border, which extended their business by creating subsidiaries in countries where there is or there is a potential competitive advantage resource, taxation or by the final consumer.

In these circumstances, entrepreneurship was the one who, without losing the interest or motivation topical revived economic environment is worth putting in preference to the SMEs. Generally a small or medium is represented by a usually created by an entrepreneur or a small number of private entrepreneurs that produce goods and services for sale (table 2).

In 2007, SMEs accounted for a large part of Europe's economy and industry. The 23 million SMEs existing in Europe represented 99% of all businesses and contribute up to 80% of employment in some industrial sectors, such as textiles. As a key source of growth, employment work, entrepreneurial skills, innovation and economic and social cohesion was foreseeable Economic policy tools [14] are suitable to unlock the potential of SMEs and improve the environment in which it operates through promoting entrepreneurship.

Given the constant percentage held by SME in each of the member countries (between 96% 99%) of all businesses which differs is the share of each of the three types (micro, small and medium enterprises) in total. This weight is mainly influenced by financial potential entrepreneurs of confidence in authorities and legislation and the degree of economic development of that country.

At EU level, the enterprise means any entity engaged in an economic activity, irrespective of legal form of incorporation. Thus, the company may enter category: freelancers, family associations, business partnerships, associations of entrepreneurs. We note that, while respecting thresholds on the average number of employees is required, an SME may not comply with one of the other two criteria: turnover net year or the on total assets. It is not necessary concomitant meeting of the two criteria, while overcoming one of them allows keeping SME status. Table 2 shows the relationship between the type of business and standard criteria for separating the micro, small and medium enterprises as required EU legislation.

2.2. SME DEVELOPMENT IN ROMANIAN ECONOMY

Like other European countries in the interwar period, and Romania have emerged and have developed increasingly more and more performant small and medium private enterprises. Exploiting local opportunities for cultural, geographical (Carpathians strategic position as a water castle, near the Black Sea and the Danube) and political (liberal political views, trade and agriculture and the beginnings of industrial production) were prerequisites to establishing economic capitalism Romania. During the Second World War, especially the establishment of communism (nationalization of property and land - 1948 and forced agricultural cooperative - 1949) stopped these initiatives.
interrupting or inhibiting the expression of entrepreneurship in our country. Since 1990 to date, four have been milestones in the development of SMEs in our country.

The period between 1990 and 1995 is characterized by the establishment of an annual large number (between 50 000 and 130 000) of EMS in all fields. Most of them disappeared as easily as they occurred (70-80% of businesses have gone in 2-3 years) as their object of activity that try to exploit opportunities or favorable circumstances and experience in managing a small even small business.

1996-2000 period was test time for new entrepreneurs and their businesses. Economic policy mistakes (lack of income tax for private businesses, financial imbalances and currency inflation of 294% in 1993, to 100% currency devaluation in early 1997 compared to 1996) led to a strong rebound of private initiative (small and medium-sized number fell to 30-40 thousand).

Economic measures to induce early 2000 again wish to invest, 2001-2006 largely pointing errors of the past. Thus, inflation of between 15 and 30% became bearable private initiative and the exchange rate and tax advantages for entrepreneurs and the state budget. Number of small and medium increase to 50 000, create new jobs, their activity stabilizes partnering with both large public companies and large multinational companies with which they became contractors or subcontractors.

Period from 2007 to the present has been marked by the accession to NATO and the European Union and the opportunities that these political decisions they have made: the transfer of goods, capital and labor, information technology, and managerial expertise, European economic law, entrepreneurship education and continuous training. Continue the privatization of state and redistributing wealth are the most important economic decision economic changes, this is reflected in the average number of organizations established annual returns in the range of 30-40 thousand companies which maintain economic sustainability within Romania declared operational (capable of ensuring economic growth) and considered entrepreneurial environment favoring private initiative development of small and medium entrepreneurs. At the end of 2009, Romania was registered about 500 thousand micro, small and medium business in all areas legalized.

The global economic crisis was felt in Romania in the second half of 2008. One part was imported (reduced external demand and foreign investment behavior of entrepreneurs hesitant) and another domestic premises created, maintained or ignored economic policy (massive entry of foreign capital and "exuberant behavior on lending in foreign currencies" pro-cyclical fiscal policy "imprudent" and increasing government spending towards elections in 2008-2009, which resulted in wasteful consumption growth at a time when the external deficit on the budget is full unhappy) [16].

At the beginning of 2010, global perspectives begin to emerge out of the crisis, internal perspective of the Romanian economy promises to be more difficult. Although it seems a solution Romanian exports value added (automobiles, medicines, energy equipment) [17] one can overcome revenue shortfalls, budget deficit to GDP, oversized state apparatus and associated expenses, increase in the number of pensioners [18] and weak administrative capacity of the state. The combination of these factors was anticipated that INS estimates provided compression tends consumption and delay processes near incomes and prices in the EU.

Investment, human capital, social cohesion, productivity, institutions - this is a clear set of priorities formulated in 2002 [19]. Post-accession strategy adopted by the government in early 2007 aims to develop the infrastructure (transport, IT, energy, environment), human capital development, promoting research and development, strengthening of market economy mechanisms [20] compared the achievements of 2011 left the stage project. Not incidentally EMS number confirms the reluctance of private investors to launch into the murky waters of economic policy a few times it has swallowed or has eroded materials and savings efforts.

2.3. SPECIFIC CHARACTERISTICS OF SMALL
AND MEDIUM ROMANIAN ENTERPRISES

This type of organization regains currently in Romania, role and rightful place both in economic and especially cultural and social. This is because: SME entrepreneurship builds innovative and creative individuals who report business opportunities, intuition and entrepreneurial environment using existing advantages, even in conditions of uncertainty and crisis, SMEs remain the economic and social organizations that continue to emerge and grow and actually creating jobs, SME are creative organizational culture.

SME in Romania characteristics are largely common with similar organizations in developed countries regardless of cultural space which they belong. They are created by entrepreneurs, alone or in combination, are run in most cases even by those who created them, are impregnated and reflect personality, creative entrepreneur (intuition, education, training, experience, professionalism intelligence, charisma, ability to create, maintain, build and build relationships); serve personal or group interests (who created the business environment); recover, usually the local opportunities; exploit a competitive advantage as contractor or subcontractor, are flexible and adaptable to a changing economic environment, and tend to associate with other companies in the same category so as to develop effective business relationships with potential "growth" are the beneficiaries of specific legislation, often favoring (tax advantages, facilities management); committed workforce prepared but not necessarily specialized, expensive and creates a competitive environment that is conducive to promoting the integration of technical progress and added value.

Although of great diversity and complexity, in Romania we can identify two distinct types of organizational culture: bureaucratic culture and entrepreneurial culture, supporting the hypothesis that these two categories are the extremes of a continuum with a wide variety of expression.

Bureaucratic culture is typical of state-owned companies, firms undergoing privatization, former state companies in the post-privatization period, autonomous, educational institutions and state-sponsored health care, public institutions, military institutions. This can be characterized as still strong inertial system focused inwards and extremely involved in political life.

Entrepreneurial culture, emerging, is typical of private firms established after 1989. Here there are two forms of bureaucracy: red tape and bureaucracy mechanical work. Mechanical bureaucracy is very specific hierarchy developed, dominating regulations. It defines strict management of subordinates. Professional bureaucracy, much decision-making power is distributed professionals and analysts. The structure is fairly decentralized but bureaucratic by the high degree of standardization in methods of operation. Standardized qualifications predetermine behavior more highly qualified categories, appointed professionals. They are specialists in the collecting, processing and use of data are secretaries, economists, financial experts, lawyers etc.

Most new entrepreneurs do not yet have the knowledge and skills necessary to create a coherent and strategic insight for dynamic adaptation to the external environment. Instead, they enthusiastically are totally dedicated to their business and people have a strong intuition and sense of direction for their organization should focus. Also intuitive senses on developing their business are communicated to employees, resulting in a sense of belonging and of involvement and engagement in problem solving organization.

Businesses have few incentives created a farm or longer-term orientation. Legislation which is adapted to receive one European and party interests are dependent / immature political class. Lack of economic education is felt both in the perception of opportunities, decision making, relationship management and the lack of concern in achieving managerial knowledge transfer from other organizations on management systems or other culture (even if the economic environment facilitates contact).

Although the specific beliefs and values begin to take shape and structure to systematically, it can’t be said yet that there is a consistent concern in these companies. The greatest importance is the construction of new meanings effort by promoting values such as respect and consideration for
customers, employees and communities, concern for quality products and services, creativity, contribution and commitment, courage, openness and personal development with the expansion.

3. FRANCHISE IN ROMANIA

Franchise and its definition take as many shades as rapid development of this tool is trade. Romanian Franchise Association defines marketing as a system of products and / or services and / or technologies based on close collaboration between business partners and continuous, distinct and independent enterprise both legally and financially, between the franchisor and franchisees its whereby the franchisor grants its franchisees requires them right and obligation to operate a business under the franchisor's concept. Right as submitted by the franchisor permits the franchisee latter, but it also requires, in exchange for a direct or indirect financial contributions, fixed or variable, paid once or throughout the relationship between the companies use corporate name and / or trademark products, services, technology, knowledge management, or other intellectual property rights, as it is supported by continuous input from the franchisor's expert assistance throughout the duration of the franchise agreement between the parties for this purpose.

The transition from a centralized to a market after 1990 made it possible to start some activities of Romanian entrepreneurs through this particular type of business. Apparently possible using widely franchises or less restrictive, only occurred since 2005, when the number was 171 franchised brands. In late 2008 they had risen to 300, with a total of 2633 units tier franchise. In 2009, the distribution by fields of franchises in Romania was: personal services (30.54%) Retail (28.29%), fast food (25.07%), business services (6.57%) under Lying Down 2.66% interior design, clothing and accessories, food, real estate, construction, restaurants, cafes, bars and hotels with 0.41% [21]. As expansion by regions in 2009 in Bucharest number of franchises grew by approx. Give 85% to the previous year while in Timisoara, Cluj-Napoca, Constanta, Brasov and Iasi its growth was constant (20%).

Favorite home countries are the U.S. (47 firms), France and Italy by 26 companies. An encouraging trend is the increase in domestic franchises: Fornetti Romania, Turabo, Jolidon, Romstal, Mobexpert. As banking franchise is taken in Romania by BRD-BSG for marketing beverages is Starbucks coffee and IKEA. The most expensive is Zara franchise to purchase that is charged a flat fee of one million euro.

4. TODAY ENTREPRENEURSHIP EDUCATION

Entrepreneurship is a multidisciplinary field with a broad topical coverage. Shane and Venkataraman made a literature review of entrepreneurship in a note in the journal Academy of Management in 2000. They defined the "the territory of the scientific examination of how, by whom and with what effects are discovered, evaluated and exploited opportunities to create future goods and services" [22]. First, the "how" is the way we address the issue of entrepreneurial strategies such as the establishment of company and product innovation [23]. Second, "which" refers to the reasons for making it as an entrepreneur is different from a non-entrepreneur [24]. Thirdly, the issue of "what" focuses on entrepreneurial performance [25].

What is the relationship between formal education and entrepreneurial performance? As demonstrated by Van Praag and Versloot (2007), there are enough studies that show the important contribution of entrepreneurs to the economic development of nations. Henrekson and Johansson [26] show that successful entrepreneurs are responsible for growth. The latter is supported by levels of competition, job creation and innovation. Private benefits imply positive social externalities. From this point of view the question "why" becomes one of value. Consequently, many developed countries and regions, including the U.S. and EU have implemented policies to encourage successful entrepreneurship. One is providing opportunities for people to develop human capital through education.

Opportunity cost problem of choosing between being an entrepreneur and take full advantage of this quality and reads as employee business idea and measuring its
performance through time income received and not individually. [27] Very often we hear stories of successful entrepreneurs who were exposed early school leavers from the education system. For example, www.yougentrepreneur.com can access a list of some of the richest people in the world who have dropped out at various stages of their lives. They include Sir Richard Branson (Virgin), Michael Dell (Dell Computers), Bill Gates (Microsoft) and Larry Ellison (Oracle). Not infrequently some of them said that education is a waste of time if you want to become an entrepreneur. Education would be useful only for salaried employees. Therefore, these statements imply that the skills required of a contractor can’t be developed through formal education. However, the latest list of billionaires in the world, included 1125 individuals of which only 73 of them, six percent gave up at some stage of schooling. Invert hypothesis, we could say that formal education is associated with a greater likelihood of opting for entrepreneurship, the reason being that people with higher education are more likely to see entrepreneurial opportunities.

Why support the need for higher education for entrepreneurs compared to employees? Just because the investment in their education can multiply the number of their future business using superior information processing and with higher degrees of freedom when optimizing the use of labor in the company. As an entrepreneur, an individual can operate on the principle of margin: it can decide freely engage in those activities in which he / she believes his talent / they are most likely to generate high yields. Instead, as an employee, an individual is limited by processes and organizational structures in key decisions, how is positioned higher in the hierarchy. So, there are limits to what an individual can decide to make inside "iron cage" of an organization owned by others.

Shane [28] showed in his study that tests / highlighting entrepreneurship (performance) is satisfied and three econometric issues: unobserved heterogeneity, sample selection and endogenous. However, these estimates relate almost exclusively to the importance of the education in wage employment. There is a rich literature which refers less to entrepreneurs. Their reunion is interesting because employers and employees combined analysis allows a comparison of the relative value of education for entrepreneurs to employees so that critical captures the notion of opportunity cost indirectly in entrepreneurship literature.

The EU has given priority also entrepreneurship as one of the key factors for improving prosperity of its member countries. The need for business practices is evident in the Lisbon European Council goal of developing the Union the most competitive and dynamic knowledge-based world that is capable of maintaining economic growth, generating employment and creating new and better social coherence. Further, the EU employment guidelines work establishes entrepreneurship as a priority in education. European Commission Green Paper on Entrepreneurship in Europe involves encouraging entrepreneurship by promoting right thinking, entrepreneurial skills and awareness of career opportunities as an entrepreneur.

Report identifying the current state of entrepreneurship education in the school system of the European Union was published in 2002 (European Commission 2002) and indicated considerable differences between countries in relation to the position of entrepreneurship education in national education systems. He concludes recommending importance in teaching entrepreneurial subjects and their need for recognition of the national curriculum and the curriculum for each level of the education system. This was also recommended to be one of the key indicators of quality education. In this respect, only Finland has included entrepreneurship education in the curriculum of primary and secondary level and initial training.

However, ten of countries assumed national policies which promote entrepreneurship in education. All three perspectives on entrepreneurship education - developing the number and content of courses, the recent emergence of educational research and the current situation in education - reflects an apparent consensus in the need to provide adequate teaching entrepreneurship education for purchases. However, the short history of entrepreneurship education indicates that it is not possible to share another collective
experience, knowledge and meanings about how to do this. This shows that there is a need to advance to combine entrepreneurship studies methods of integration of knowledge into the curriculum and greater attention dynamics implementation.

5. CONCLUSIONS

Entrepreneurship is a concept as the current load on the cultural meanings. Must be dealt with in the historical, social, political, economic specify which appeared and developed. Direct correlation to its manifestation economic development of a country comes not only to update the strategic importance invariably interdependent with other factors that influence development. Expression of free enterprise and entrepreneurship is done mainly in small and medium provide the effective decision-making and stimulating exercise. During the recent development of SMEs in Romania entitles us to demand more from the Romanian business environment, more support and accountability from the state and more consistencies of policy makers. Franchising is a tool that must be managed effectively in conjunction with the current state of economic development. The two tools that may enhance entrepreneurship: small businesses and franchises should be promoted as sources of recovery, transformation and innovation. Entrepreneurship education is becoming a global priority with particular application to the European and national level, is considered a classic solution to community problems.

References


Table 2 Classification of micro, small and medium enterprises in the European Union

<table>
<thead>
<tr>
<th>Company category</th>
<th>Average number of employees (persons)</th>
<th>Annual turnover (million €)</th>
<th>Active totale (milioane euro)</th>
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</thead>
<tbody>
<tr>
<td>micro</td>
<td>Max 10</td>
<td>max 2 (undefined in the previous regulations)</td>
<td>max 2 (undefined in the previous regulations)</td>
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<tr>
<td>small</td>
<td>10-49</td>
<td>max 10 (previous 7)</td>
<td>max 10 (previous 5)</td>
</tr>
<tr>
<td>middle</td>
<td>50-249</td>
<td>max 50 (previous 40)</td>
<td>max 43 (previous 27)</td>
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</tbody>
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Source: http://ec.europa.eu/enterprise/newsroom