

# CONSIDERATIONS ON ENTREPRENEURSHIP AND ENTREPRENEURS. CURRENT FEATURES OF ENTREPRENEURSHIP IN ROMANIA

Stelian PÂNZARU<sup>1</sup>

**Abstract:** *Promoting entrepreneurship in Europe has been a core objective of the European Union ever since the Lisbon European Council decided in March 2000 to improve the EU's performance in the areas of employment, economic reform and social cohesion.*

*The European Commission began the debate by publishing, at the start of 2003, a Green Paper on „Entrepreneurship in Europe”.*

*This study presents some considerations on entrepreneurship and entrepreneurs and entrepreneurship development stage in Romania.*

**Keywords:** *entrepreneurship, entrepreneurs, intrapreneurship business.*

**JEL Classification:** B30, D01, D02, O44

## 1. Introduction

The development of entrepreneurship has important benefits, both economically and socially. Entrepreneurship is not only a driving force for job creation, competitiveness and growth; it also contributes to personal fulfilment and the achievement of social objectives. Moreover, numerous factors play a role in the decision to start up a business. For example: the existence of a suitable opportunity or market; the perception that, starting a company might, be difficult due to red tape; financial obstacles; or the need to acquire new skills.

In this context, the Romanian entrepreneurs take risks, they are not afraid, they are experimenting, doing very many things, they are active.

---

<sup>1</sup> *Spiru Haret University, Brasov, Romania, panzarus@gmail.com.*

## **2. Conceptual on entrepreneurship and entrepreneurs**

Entrepreneurship is the process of exploring the opportunities in the market place and arranging resources required to exploit these opportunities for long term gain. It is the process of planning, organising, opportunities and assuming. Thus it is a risk of business enterprise. It may be distinguished as an ability to take risk independently to make utmost earnings in the market. It is a creative and innovative skill and adapting response to environment.

Also, Pinchot (2010) believes that entrepreneurship means two things: “A set of business practices that liberates people with entrepreneurial personalities to innovate rapidly inside larger organizations for the benefit of that organization and its customers; The actions of an individual and/or a team that is acting in an entrepreneurial manner to serve the best interests of larger organization and its supply chain, with or without official support” (Hibdle, 2008).

As is known, the term *entrepreneur* is from French, and it is used to describe an individual who organizes and operates a business, taking on financial risk to do so.

The term was first defined by the economic Richard Cantillon, as the person who pays a certain price for a product to resell it at an uncertain price, thereby making decisions about obtaining and using the resources while consequently admitting the risk of enterprise (business) (<http://en.wikipedia.org>).

In 1723, Jacques Bruslons, included for the first time in Universal Dictionary of Trade term entrepreneur, but, over time, scholars have defined the term in different ways.

Also, Jean-Baptiste Say (1767-1832) considered that an entrepreneur is an economic agent who unites all means of production- land of one, the labour of another and the capital of yet another and thus produces a product. By selling the product in the market he pays rent of land, wages to labour, interest on capital and what remains is his profit. He shifts economic resources out of an area of lower and into an area of higher productivity and greater yield.

Joseph Alois Schumpeter (1883-1950) emphasized that entrepreneurs are innovators who use a process of shattering the status quo of the existing products and services, to set up new products, new services.

Peter Drucker (1909-2005) considered that an entrepreneur searches for change, responds to it and exploits opportunities. Innovation is a specific tool of an entrepreneur hence an effective entrepreneur converts a source into a resource.

Jack St. Clair *Kilby* (1923– 2005) believes that an important role copycat entrepreneur has not innovate, but imitates technologies innovated by others. This is very important in developing economies.

Pinchot G. and Pinchot E. refers that to become an intrapreneur, an individual must risk something of value to himself; the rewards of success in an intrapreneurial project must be shared between the corporation and the intrapreneur in a well-defined and equitable way; the intrapreneur should have the opportunity to build up something akin to capital; the corporation must let the employee entrepreneur who has earned his independence, have it.

The ability of entrepreneurs to innovate is thought to relate to innate traits such as extroversion and a proclivity for risk-taking. According to Schumpeter, the capabilities of innovating, introducing new technologies, increasing efficiency and productivity, or generating new products or services, are characteristic qualities of entrepreneurs. Entrepreneurs are catalysts for economic change, and researchers argue that entrepreneurs are highly creative individuals with a tendency to imagine new solutions by finding opportunities for profit or reward (Schumpeter, 2012). Largely due to the influence of Schumpeter's heroic conceptions of entrepreneurs, it is widely maintained that entrepreneurs are unusual individuals.

Entrepreneurship is the act and art of being an entrepreneur, or person who innovates or introduces new things, uses the money (finance) and makes an effort to transform innovations into economic goods.

The most obvious form of entrepreneurship is that of starting new businesses. In recent years, the term has been extended to include social and political forms of entrepreneurial activity. When entrepreneurship is describing activities within a firm or large organization it is referred to as intrapreneurship and may include corporate venturing, when large entities spin-off organizations (Scot, 2003).

Intrapreneurship is related with people who develop something innovative inside of an organization, contributing to its development and improvement. The term intrapreneur was invented to describe those individuals who operated as entrepreneurs within existing organizations,

often presenting the characteristics of an entrepreneur, but for various reasons decided not to start their own company, choosing to innovate inside of others.

Rethinking business, reengineering business strategies and changing the management methods and style are the main benchmarks for a balanced and sustainable development of companies (Dragomir (Stefănescu), 2008).

### ***3. State of entrepreneurship in Romania***

Jesper Sorensen has argued that some of the most significant influences on an individual's decision to become an entrepreneur are workplace peers and the social composition of the workplace. In researching the likelihood of becoming an entrepreneur based upon working with former entrepreneurs, Sorensen discovered a correlation between working with former entrepreneurs and how often these individuals become entrepreneurs themselves, compared to those who did not work with entrepreneurs. The social composition of the workplace can influence entrepreneurship in workplace peers by proving a possibility for success, causing a "He can do it, why can't I?" attitude. As Sørensen stated, "When you meet others who have gone out on their own, it doesn't seem that crazy" (Scot, 2003).

In Romania, according to research, "Entrepreneurship in the EU and beyond", analyticity Report, Flash Eurobarometer 354, The Gallup Organization, June-August 2012, a 58% of Romania citizens would prefer to ptopriu account workers (self-employed) and 49% to the state employees (employees).

When it comes to taking over an existing business, the percentage of Romanians who would opt for the drops to 14%. 56% of those surveyed responded that they would be afraid of the possibility of bankruptcy, whether to start a business.

In Romania 14% of those who started a business in the past three years, there are entrepreneurs, because the business was sold, transferred or closed.

When asked if it is possible for the next five years to open a business on your own, Romanians respondents gave a range of responses, every three years, as can be seen from the table below:

Table no. 1. Variation Romanians responses reported in the years 2009 and 2012

Not enough capital/financial resources to be self-employed		The current economic climate is not good for a start-up		Not enough skills to be selfemployed		No business idea		It would be difficult to reconcile with my family commitments		The risk of failure and its legal and social consequences are too big		Burden of red tape / Administrative difficulties		Other	
June 2012	Diff. 2009-2012	June 2012	Diff. 2009-2012	June 2012	Diff. 2009-2012	June 2012	Diff. 2009-2012	June 2012	Diff. 2009-2012	June 2012	Diff. 2009-2012	June 2012	Diff. 2009-2012	June 2012	Diff. 2009-2012
48%	-14	7%	8	7%	=	3%	-6	5%	+1	2%	-10	6%	=	36%	+10

Source: Flash Eurobarometer 354 Entrepreneurship in the EU and beyond Report, Fieldwork: June - August 2012

Percentage Romanians who started a business on their own or over a business is relatively the same in 2009 and in 2012 (Table no. 2).

Table no. 2. Have you ever started a business, taken over one or are you taking steps to start one?

Yes		No	
June 2012	Diff. 2009-2012	June 2012	Diff. 2009-2012
26%	+1%	74%	=

Source: Flash Eurobarometer 354 Entrepreneurship in the EU and beyond Report, Fieldwork: June - August 2012

The current situation of Romanian economy causes people to have the following options (Table no. 3).

Table no. 3. How would you describe your situation?

You once started a business, but currently you are no longer an entrepreneur since that business was sold, transferred or closed		You started or took over a business more than three years ago and it's still operating		You are currently taking steps to start a new business		You once started a business, but currently you are no longer an entrepreneur since that business has failed		You have started or taken over a business in the last three years which is still operating today	
June 2012	Diff. 2009-2012	June 2012	Diff. 2009-2012	June 2012	Diff. 2009-2012	June 2012	Diff. 2009-2012	June 2012	Diff. 2009-2012
37%	+4	33%	+20	7%	-7	5%	-7	16%	-1

Source: Flash Eurobarometer 354 Entrepreneurship in the EU and beyond Report, Fieldwork: June - August 2012

Also, according to a research conducted by the Institute for Quality of Life Research about the social capital and social values within the European project European Value Survey 2009, Romania's population encourages values that support business development field: honesty, hard work, diligence, respect for social rules and decent behavior (<http://www.vallalkozz.ro/docs/kutatasjelentes1.pdf>).

In our national system of values we meet characteristics who don't fold the entrepreneurship model: avoiding conflict and risk, short-term thinking and greater desire for stability and safety.

More than that, in Romania, reduced the percentage of funding for the education, research and development will lead to a precarious innovative culture at national, regional or local level (Abrudan & Năstase, 2012).

Just as an example, state funding for higher education in Romania is done differently than countries like U.K., Denmark and Sweden. If in these countries public subsidies for public higher education take into account as indicators the result of a student performance, in Romania the performance indicators are focuses exclusively on the quality of their teaching staff and leadership.

In these circumstances financing higher education by the state by taking into account only the of the academic staff and infrastructure, management, and the service offered by the academic community, not taking into account in the funding formula indicators relating to results of the students, has the effect of neglect of higher education quality. This has as consequences less quality in the student's preparation, which will graduate tomorrow and will be faced with tough changes imposed by economic environment which have to face it. Reality shows that in order to be employed as quickly in the specialty for which they prepared, many university graduates must have the knowledge required by employers in order to be able to generate added value as high as possible.

In Romania - until recently, there was no correlation of the amount of public financing with the performance of universities, universities receiving public funds, which has generated a lack of a motivation to increase the process education quality. Quality of published results and research in relation to national and international standards has become the criterion upon which public subsidy is granted and this fact will influence positive, in the end, the quality of education process.

#### **4. Conclusions**

According to survey entrepreneurial culture Romania is characterized by weak development of business incubators, technology parks- they are not enabled or not have capability to capitalize facilities made available to you.

Also, the multinational companies were not interested to cooperate with local universities in research, development and innovation.

However, innovation funding mechanisms are still inefficient and the number of spin-offs at national level is insignificant.

In Romania a more obvious entrepreneurial spirit would notice that we did not have a very rich entrepreneurial culture. Also, Entrepreneurship in Romania has to overcome obstacles that Western countries are not familiar with, after communism crippled private initiative and entrepreneurs are only just learning lessons that in other countries have long been taught. But a free spirit and a daring mind can prove to be more successful than established patterns in the West.

#### **References**

- Abrudan, D. & Năstase, M., (2012). Realities and challenges concerning entrepreneurship education in Romania. *Review of General Management*. 16 (2), 126-138.
- Dragomir (Stefanescu), C., (2008). *Managementul afacerilor*. Bucharest: Romania Tomorrow's Romania Publishing House.
- Hibdle, T., (2008). *Guide to Management Ideals and Gurus*. New York: Bloomberg Press.
- Schumpeter, J.A., (2012). *Capitalism, Socialism and Democracy*. London: Routledge Publishing House.
- Scott Shane., A., (2003). *A General Theory of Entrepreneurship: The Individual-opportunity Nexus*. London: Edward Elgar Publishing.
- Entrepreneurial potential - opportunities and difficulties, Integrated entrepreneurship development model in urban centers from three regions, Research Report I-CCRIT, Cluj Napoca 2011, <http://www.vallalkozz.ro/docs/kutatasjelentes1.pdf>.
- <http://en.wikipedia.org>.