

# The importance of entrepreneurial education for the business environment

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**Abstract:** *It is increasingly being confirmed that entrepreneurship is an important determining factor for both economic growth and prosperity. Entrepreneurs strive to create and deliver the products demanded by consumers. In fact, the presence of entrepreneurs and entrepreneurship is necessary to improve economic and social conditions. At the macroeconomic level, studies indicate that small and innovative businesses contribute significantly to job creation, innovation and growth. That being said, entrepreneurship stimulates economic growth because entrepreneurs create new jobs, offer consumers a wide variety of goods and services, increase the level of competition, and increase production due to technological changes. This article presents the results obtained by a questionnaire-based survey developed to understand the intention of people to become entrepreneurs. The analysis is focused on the entrepreneurial education obtained over time and the degree of risk in terms of starting a business. The results underline the fact that people are not very reluctant to start their own business, especially the Romanian respondents compared to the European ones. The main problem is the lack of entrepreneurial education, the lack of money and the fear of failure.*

**Keywords:** *entrepreneurial education, business environment, economic growth*

**JEL Classification:** L26, M13, M21

## Introduction

Entrepreneurial activity is an intentionally planned behavior and the formation of entrepreneurial intentions depends on personal attitudes reported by the act of setting up a business. Attitudes indicate individual beliefs and perceptions determined by individual personality, formal and informal education, personal values and experiences. In this paper I

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will refer to formal education and non-formal education, informal education being too complex to be the subject of discussion at the moment. Informal learning includes acquired knowledge unintentionally, following daily activities in the family or in any other informal context. The knowledge acquired is not officially certified, but is individually validated and informal learning is also called random learning. Everyday experience capitalizes on the influences and educational resources of the living environment.

## **Literature review**

Entrepreneurial learning also involves the development of an entrepreneurial identity, the educational goal is learning to practice entrepreneurship so that identity construction must be an important goal in the development of knowledge and skills (Donnellon, Ollila, Middleton, 2014). Education coupled with entrepreneurship is a complex process of sustainable educational development (Gurumurthy Iyer, 2015).

An important factor in entrepreneurial development is the family environment so that the influence of the family in economic literacy is essential for the individual and helps them in economic and entrepreneurial activity (Suratno, Wibowo, Wibowo, 2021). Economic, financial, entrepreneurial education from the family contributes essentially to the consolidation of an entrepreneurial career.

Digitalization and innovation is positively associated with economic growth and the development of entrepreneurship. Over time, governments have been advised to invest in infrastructure so that the economic environment benefits from the modernization and development of the informatics system that leads to the digitization of services and their development (Habibi, Zabardast, 2020). Governments should also invest in economic infrastructure by attracting non-reimbursable European funding. If 10 years ago the financing of SMEs was a major problem, in the meantime the Government has reconsolidated its position regarding the entrepreneurial environment, especially the production environment, by supporting and attracting European funds. In the period 2007-2013, attracting European Funds in Romania was almost non-existent due to lack of strategic visions, programming development, poor project quality, excessive bureaucracy (Lucian, 2014) In this regard, the European Commission together with the Government reorganized and improved programs, especially those in agriculture, which led to an absorption rate of 52% on 02.04.2021 compared to 27% on 27.04.2019, an increase of 52% in two years.

Innovation, the main feature of entrepreneurial development, can be defined as the process by which in goods and services processes arise new methods and improvement. Since 2014, The European Innovation Scoreboard is the institution that measures the level of innovation of countries using multidimensional indicators.

Global Entrepreneurship Monitor (GEM) reports are based on 3 main objectives: measuring the differences between the levels of entrepreneurial activity of different countries, identifying

the factors that determine the level of entrepreneurial activity, identifying policies that can lead to increasing the level of entrepreneurial activity (Nagy, 2014).

The GEM project started internationally with the first report published in 1999. Initially, it was called the World Enterprise Index and included only 10 OECD member countries. Currently, GEM is a global study, comprising states that represent almost three quarters of the world's population and about 90% of world GDP. GEM was first published in Romania in 2013. Romania's country report 2013 was published in 2014 (Zoltan, Nagy, Ștefan, Dumitru, Benyovszky, Cutas, 2014). The latest report, Romania Country Report 2018, was published in 2020 (Benyovszky, Swims, Cutas, 2020).

The report is one of the most recent documents on the state of entrepreneurship in Romania and presents chronological comparative analysis for the period 2013-2018. The Global GEM Report 2018 covers 69 countries 74% of the world's population and 87% of GDP. In Romania, the study is led by Babeș Bolyai University Cluj Napoca FSEGA. For the purpose of this study, in 2018, a number of 2010 adults were interviewed, to assess the national conditions influencing entrepreneurship. 36 national experts were asked about the factors influencing the entrepreneurial environment, thus establishing the conditions of the entrepreneurial framework (Benyoschyi, 2020).

The official document, GEM 2013, shows that Romania is one of the middle and low income countries along with China, Croatia, Hungary, India, Kazakhstan, Latvia, Russia, Serbia, Thailand, Turkey, Argentina, Brazil, Chile, Colombia, Dominican Republic, Peru, Uruguay, and Venezuela.

According to GEM 2019, Romania is an economy guided by the principle of efficiency, together with Argentina, Brazil, Barbados, Chile, Colombia, Ecuador, Guatemala, Jamaica, Mexico, Panama, Peru, Uruguay, Namibia, South Africa, China, and Indonesia.

## **Analysis of the propensity towards entrepreneurship**

The official document of the Ministry of National Education underlines an analysis regarding education and vocational training in Romania. Young people between 15 and 24 years old are faced with the most important increase in the unemployment rate in 2013-2017, from 20.1% to 23.1% in 2017 of the total number of young people aged between 15 and 24. A share of 20.2% were inactive people who were not in the labor market in any form of education or training, and were not registered as people looking for a job. The share of young people in this situation increased significantly from 14.7% in 2013 with the accentuation of this increase in 2017 compared to the previous year. The loss of a job or giving up a job due to unfavorable conditions can be beneficial aspects for entrepreneurship, the subjects in question being obliged or eager to do something in order to have a certain social status and a certain salary.

**Table 1. Share of business interest responses (%)**

Response	% from the total subject (Europe)	% from the total subject (Romania )
prefer to be an entrepreneur	37%	48%
prefer to be employed	58%	47%
think my own employee is a viable option	13%	31%
think my own employee is an unfeasible option	67%	67%
think owning an employer is a desirable option	32%	58%
think that my own employer is not a desirable action	65%	40%
have set up a business or are planning to do so	23%	20%
have not set up a business and do not want to do so	74%	74%
attended an entrepreneurship course	23%	23%

Source: developed by author based on data from Flash Eurobarometer Survey on Entrepreneurship

According to the report for Romania in 2018 (the table from above), 48% of respondents still prefer to be their own employers, the European average being 37%. About 47% of respondents say they prefer to work for the employer, the European average this time being 58%.

Participants were asked if it would be appropriate to be their own employees, regardless of whether they wanted to or not: in Romania 31% said it would be appropriate, 13% said it would be great, 18% said it would be pretty good. In Europe, 30% of the participants answered that it would be opportune, 10% very opportune, and 20% quite opportune. Only 67% of Romanians consider the idea of being their own employee as feasible, 23% not very feasible, and 44% not feasible. In the case of the Europeans, a percentage of 67% considers that this is unfeasible, 22% not very feasible, and 45% not feasible at all. Half of those surveyed in Romania said that they do not have the necessary financial resources to start their own business. The percentage at European level is 28%. 7% of Romanian respondents and 12% of the respondents from the European level answered that being their own employer is not an opportune option, because the current economic environment is not conducive to setting up new businesses.

Other reasons invoked were: lack of personal skills (7% of Romanians, respectively 8% of Europeans), lack of business ideas (3% of Romanians, respectively 7% of Europeans), incompatibility of professional life with family (5% of Romanians, respectively 6% of Europeans), the risk of failure and the implicit consequences (6% of Romanians, and 4% of Europeans). 40% of those surveyed in Romania, and respectively 65% in Europe, considered that it is not very inopportune. 26% of Romanians, respectively 43% of Europeans said that it is not yet inopportune at all. 56% of surveyed Romanians, and 43% of Europeans said that they are most afraid of bankruptcy in case of setting up a business. 25% of Romanians and

37% of Europeans underlined the unstable income, 26% of Romanians and 33% of Europeans, insecurity at work related to starting a business, 15% of Romanians and 19% of Europeans, fear of staff failure, 18% of Romanians, respectively 15% of Europeans, said that there is too much energy and too much time needed to set up a business.

A percent of 26% of Romanian respondents, respectively 23% of European respondents, stated that they have set up a business or plan to do so, and 74% of Romanian participants, respectively 74% of European participants, stated that they did not plan to set up or have never set up a business. 85% of Romanian participants and 87% of Europeans agree that entrepreneurs offer jobs, 12% of Romanian and 11% of Europeans do not agree with this idea. 12% of Romanians and 18% of Europeans do not agree with the idea that entrepreneurs create new goods and services. 61% of Romanians, respectively 57% of Europeans support the idea that entrepreneurs benefit from the work of others, 35% of Romanians, respectively 39% of Europeans do not support this idea, 65% of Romanians, respectively 52% of Europeans, support the idea that entrepreneurs work only for their own business, 47% of Romanians and 45% of Europeans do not support this idea, 23% of Romanian and European respondents stated that they attended an entrepreneurship course, this process being defined as putting ideas into practice and carrying out personal projects.

**Table 2. The entrepreneurial intents, Romania, 2013-2018 (%)**

		2013	2014	2015	2016	2017	2018
Age	18-24	24.2	22.0	26.4	29.0	28.9	24.4
	25-34	30.5	36.1	31.1	31.2	32.1	31.4
	35-44	21.2	21.4	22.0	15.2	16.7	19.4
	45-54	18.3	15.5	17.5	19.9	15.9	17.0
	55-64	5.8	5.0	3.1	4.8	6.5	7.8
Gender	Men	67.0	65.5	59.9	73.1	58.8	63.3
	Women	33.0	34.5	40.01	26.9	41.2	36.7

Source: developed by author, based on data from GEM reports

**Table 3. Gender distribution of entrepreneurs involved in entrepreneurship in the early stages, according to GEM 2019 (%)**

Entrepreneurs involved in entrepreneurship in the early stages	Romania
the number of men involved	12%
the number of women involved	8%
the number of men involved motivated by opportunity	67%
the number of women involved motivated by the opportunity	67%
the number of men involved motivated by necessity	33%
the number of women involved motivated by necessity	30%

Source: developed by author, based on data from GEM reports

The number of men who show entrepreneurial intent decreases from 67% in 2013 to 63.3% in 2018. At the opposite pole are women. The number of women who show entrepreneurial intent increased from 33% in 2013 to 36.7 % in 2018, and this may be a result of European policies in general and the Europe 2026 plan in particular, to encourage entrepreneurship in groups considered vulnerable, in groups whose entrepreneurial potential had not previously been exploited. In addition, it can be noticed that for the age groups 18-24 and 25-34, the manifestation of entrepreneurial intentions increased from 2013 to 2018, the entrepreneurial propensity being encouraged and developed more and more early. An increase is also observed for the 55-64 age group, perhaps due to the approach of the end of the career at the employer and due to the need to supplement the income at retirement age.

**Table 4. The Romanian population that is part of the TEA  
(Total Entrepreneurial Activity) (%)**

		2013	2014	2015	2016	2017	2018
Age	18-24	1.09	2.16	6.60	4.11	7.87	10.14
	25-34	7.54	2.10	6.74	7.24	14.64	13.23
	35-44	4.07	4.42	6.15	4.24	9.39	10.25
	45-54	3.69	3.33	4.39	2.84	10.20	7.80
	55-64	1.60	1.15	0.34	1.64	4.55	2.58
Gender	Men	4.95	5.89	6.91	5.13	12.52	13.14
	Women	3.09	2.10	3.17	3.19	7.33	5.34

Source: developed by author, based on data from GEM reports, Total Entrepreneurial Activity

The rate of early stage entrepreneurial activity in TEA is a percentage of the population aged 18-64, consisting of early stage entrepreneurs or owners-managers of new companies (Nagy, 2014). For both men and women, but also for all age groups, there is an increase in the percentages from 2013-2018, although during this time the values have sometimes decreased. The highest increase of about 9% can be seen in the 18-24 age group, due to the same reasons stated earlier - awareness of the need to accumulate knowledge and develop skills in entrepreneurship from an early age, to which is added the development of the positive attitudes towards this economic process since adolescence, through formal, informal and non-formal education. The following table presents the data related to entrepreneurial activities in the 2013 – 2018 period.

**Table 5. Entrepreneurial activity rates in Romania (%)**

		2013	2014	2015	2016	2017	2018
Potential entrepreneurs	Total	13.6	11.5	9.4	10.65	27.71	30.76
	men	18.55	15.55	11.4	13.6	33.51	39.78
	women	8.83	7.86	7.44	6.7	22.18	22.11
Entrepreneurs in training	Total	2.90	2.54	2.79	3.2	5.56	5.51
	men	3.51	3.62	4.54	4.4	6.90	7.94
	women	2.29	1.47	1.07	1.7	4.21	3.13
New business owners	Total	1.30	1.56	2.30	1.09	4.51	3.81
	men	1.44	2.42	2.50	0.8	5.85	5.46
	women	1.19	0.71	2.09	1.5	3.30	2.21
The rate of entrepreneurial activity in the early stages	Total	4.02	3.98	5.02	4.29	9.89	9.21
	men	4.95	5.89	6.91	5.13	12.52	13.17
	women	3.09	2.10	3.17	3.19	7.33	5.34
The rate of entrepreneurship at an early stage motivated by necessity	Total	0.56	1.37	1.71	1.27	4.09	2.23
	men	0.73	1.82	2.60	1.50	5.28	3.79
	women	0.39	0.92	0.83	0.98	2.92	0.70
The rate of entrepreneurship at an early stage motivated by opportunity	Total	2.68	2.12	2.76	2.94	5.68	6.92
	men	3.52	3.36	3.60	3.50	7.05	9.25
	women	1.85	0.89	1.93	2.21	4.35	4.65
Owner of established companies	Total	2.50	2.07	3.38	2.08	4.57	3.87
	men	3.34	2.94	3.40	2.08	6.28	5.93
	women	1.70	1.22	3.36	2.08	2.90	1.86
Business interruption rate	Total	2.08	2.22	2.87	2.00	3.90	3.76
	men	2.97	3.07	2.62	2.8	4.23	4.05
	women	1.19	1.38	3.06	1.0	3.65	3.49

Source: own processing, according to GEM reports

The rate of potential entrepreneurs is the percentage of the population aged 18 to 64 who intend to start a business in the next three years. According to the table above, there is an increase in the percentage of potential entrepreneurs, from 13.6% in 2013 to 30.76% in 2018. The percentage decreased from 2013 to 2015 and increased from 2015 to 2018. The number of potential male entrepreneurs increased by about 20% between 2013 and 2018, with a decrease in 2013 and 2015, and an increase between 2015 and 2018. The number of potential female entrepreneurs increased by about 13% in the period 2013-2018, decreasing from 2013 to 2016, increasing by 15% between 2016 and 2017, and subsequently decreasing by 0.07% between 2017 and 2018. The number of those who intend to start a business in the next three years is growing, but their intention must be followed by a correct entrepreneurial behavior.

The rate of entrepreneurs in training is a percentage of the population aged 18-64, consisting of entrepreneurs actively involved in setting up a company they will own alone or with partners, a company that has not paid salaries and made no other payments to the owner in the last three months (Nagy, 2014). The percentage is also growing, from 2.9% in 2013 to 5.51% in 2018, the percentage in 2018 being 0.05% lower than in 2017. The percentage in 2019 is higher than in 2018. The number of male trainees increased by about 4% between 2013 and 2018 and the number of female trainees increased by less than 1%.

Therefore, although there is an intention to set up a business, there is no active involvement in entrepreneurial activity. The rate of new business owners is the percentage of the population between the ages of 18 and 64, made up of new business owners and managers, who own and manage an existing business that has paid salaries or made any other payments to homeowners for a period of more than three months, but less than 42 months (Nagy, 2014). The number of new business owners increased from 1.3% in 2013 to 3.81% in 2018, the percentage in 2018 being 0.7% higher than in 2018.

Later in 2019 there is a new increase compared to 2018, the number of men that manage new companies increased by 4% in the period 2013-2018, increasing from 2013 to 2016, reaching a minimum share of 0.8% in 2016, increasing again between 2016 and 2017, and subsequently decreasing by only 0.39% in 2017 and 2018. The number of women owners of new companies increased by 2% between 2013 and 2018, the percentage in 2018 being slightly lower than in 2017. Most owners are men, and women are still a vulnerable group, with an untapped potential.

Early-stage entrepreneurial activity rates represent the percentage of the population aged 18-64 made up of budding entrepreneurs or owners and managers of new firms (Nagy, 2014). The percentage of entrepreneurial activity in its early stages increased by approximately 5% in the period 2013-2018, from 4.02% to 9.21%, and in 2018 it is 0.68% lower than in 2017. Again, in 2019 there is an increase of almost one percentage point compared to 2018. The percentage for males increased by about 8% in the period between 2013 and 2018, with a progressive increase until 2015, a decrease in 2016, and then a new progressive increase until 2018. The percentage for females decreased by 2% from 2017 to 2018, and in 2019 the number of men involved in entrepreneurial activities in their infancy is higher than that of women. 12% of all adults and 8% of women are involved in entrepreneurial activities at an early stage. The rate of entrepreneurial activity in the early stages, motivated by necessity, represents a percentage of the number of people involved in the entrepreneurial activity in the early stage, who claim that the main reason for their involvement in this business is the lack of an alternative employment. The percentage of needy entrepreneurs has increased from 0.56% in 2013 to 2.23% in 2018, but the percentage in 2018 is almost 2% lower than in 2017. Both for needy motivated male entrepreneurs and for need-driven female entrepreneurs show a 2% decrease between



2017 and 2018. This means that alternatives other than entrepreneurial careers have been identified in operation.

In 2019, the percentage of men involved in early-stage entrepreneurial activities motivated by necessity is 33%, while the percentage of women involved in early-stage entrepreneurial activities motivated by necessity is only 30%. The rate of early-stage entrepreneurial activity, motivated by the opportunity to improve one's own financial statements, represents the percentage of people involved in entrepreneurship at an early stage, who claim that the main reason for their involvement in this business is to gain independence or increase income, rather than maintaining current income (Nagy, 2014). This rate increased by 4% in the period 2013-2018, the only decrease being in 2014. The number of male entrepreneurs motivated by the opportunity increased by almost 9% in the period 2013-2018 and the number of female entrepreneurs motivated by the opportunity increased by almost 3 %, decreasing in 2014, but then gradually increasing. The fact that the number of entrepreneurs motivated by necessity begins to decrease while the number of entrepreneurs motivated by opportunity begins to increase in 2019. The percentage of men involved in entrepreneurial activities at an early stage motivated by the opportunity to improve their financial situation is equal to 67%.

In order to improve the above aspects, it is necessary to create programs that provide information about entrepreneurship, and develop entrepreneurial skills. It is important to identify factors that influence this process, the elements that encourage or discourage it.

## **Conclusions**

The development of positive attitudes towards entrepreneurship is a necessary element, although not sufficient, for the formation of entrepreneurial intentions, and later, in the manifestation of entrepreneurial behavior. Attitudes are not a genetic component, but a social one, and consequently a family is formed at school and then at work. Each person has patterns of thought, feeling and action. The potential source of these mental programs is the social environment in which the individual lives and in which accumulated life experiences, the family, neighborhood school, group of friends, the job , and last and last, but not least, the community. Education provides knowledge and skills that enable individuals to discover their true potential to contribute to the development of the society they belong to. People's daily creativity can be stimulated if they are allowed to identify opportunities in the situations they encounter on a daily basis.

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