

A comparative perspective of Romanian North-East region entrepreneurship: Insights from the White Charter analysis and survey-based results

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To cite this article:

Bălan (Mîndruță), I.M. (2024). A comparative perspective of Romanian North-East region entrepreneurship: Insights from the White Charter analysis and survey-based results. Romanian Journal of Economics, 59(2), pp. 304 - 315

Abstract. *Our research focuses on examining the role of economic education and policies in fostering entrepreneurship in Romania, with particular attention to the emerging challenges posed by Industry 4.0 and the shift toward Industry 5.0. We aim to identify the key competencies that entrepreneurs need to develop and explore the teaching methods needed to adapt economic education to current requirements. At the same time, we will outline the entrepreneur's traits and propose in the final paper a model of economic development specific to Romania, integrating the influences of political and educational factors, to support sustainable and competitive entrepreneurship. Finally, we will provide concrete recommendations for improving entrepreneurial education and development strategies. Our research is essential to meet the economic and technological challenges brought by Industry 4.0. In a rapidly changing labor market, economic education must adapt to prepare competent and innovative professionals. This research will help develop a modern educational framework that promotes innovation and entrepreneurship and aligns with current market needs. We will also investigate effective educational methods to ensure that future graduates are both theoretically and practically prepared for a dynamic economic environment. We used a mixed methodology, combining descriptive, explanatory, and applied methods to analyze the entrepreneurial phenomenon in Romania. The main methodological tools used were triangulation, for data validation and consistency, and questionnaires, to collect primary data on the perceptions of entrepreneurial actors. This approach allowed us to integrate both theoretical and empirical perspectives, providing a balanced and relevant analysis. This study seeks to explore the influence of economic education and policy frameworks on fostering entrepreneurship in Romania, focusing on the technological and economic shifts associated with Industry 4.0 and the anticipated transition to Industry 5.0. It aims to pinpoint the essential skills and competencies that Romanian entrepreneurs must acquire to thrive in an increasingly digital and dynamic economy. What sets this research apart is its innovative integration of economic education, entrepreneurship, and the unique challenges posed by the dual transition of Industry 4.0 and Industry 5.0. In contrast to studies that examine these elements in isolation, this research takes a comprehensive approach, highlighting the interconnectedness of educational reform, technological advancements, and policy evolution.*

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Keywords: *entrepreneur, entrepreneurial environment, entrepreneurial education, White Charter Book*
JEL classification: *L26, M13, M21*

Introduction

Entrepreneurial activity is shaped by a multifaceted interplay of economic factors, which collectively drive entrepreneurial dynamics and contribute to economic growth. These factors exert both direct and indirect impacts, influencing the availability of entrepreneurial opportunities, the capacity for entrepreneurial action, and individual or collective preferences. Together, they form the foundation of a robust entrepreneurial ecosystem. The key factors include:

1. Current economic context(market) - market entry regulation, market dynamics, and openness, access to internal and external customers in the context of Covid's pandemic and North-East border war.

2. Human resources - managerial and technical skills, entrepreneurial experience in the company, willingness to outsource.

3. Banking system/other financing options - access to loans, private equity, business angels, friends or family support.

4. Support systems and mentors: this includes access to mentors and counselors, professional services, business incubators, accelerators, and entrepreneur networks that collectively nurture entrepreneurial growth.

5. Romanian state and state institutions: factors such as streamlined processes for starting a business, tax incentives, supportive legislation and policies, and reliable access to basic infrastructure play a critical role in shaping the entrepreneurial landscape.

6. Educational system: the availability of a skilled workforce with foundational education at pre-university and university levels, alongside targeted entrepreneurial training, supports the development of entrepreneurial capabilities.

7. Universities and educational platforms: these institutions contribute by cultivating respect for entrepreneurship, fostering innovation, identifying opportunities for new businesses, and supplying a steady stream of graduates prepared for entrepreneurial ventures.

8. Cultural support: cultural attitudes, such as a tolerance for risk and failure, a preference for self-employment, inspiration from success stories and role models, a commitment to research, a positive perception of entrepreneurship, and the encouragement of innovation, are essential for sustaining a vibrant entrepreneurial ecosystem.

Objectives derived from the core objective are:

- highlighting the importance of entrepreneurship education
- identification of the regional level of factors leading to appropriate levels of entrepreneurship,
- suggest policies that could reinforce regional differences in entrepreneurial developmentl.

This research aims to know the entrepreneurial intentions, managerial practices, main problems faced by Romanian entrepreneurs, and perceptions of Romanian entrepreneurship from the perspective of analyzing the White Charter and the own questionnaire answered by 101 Romanian entrepreneur-respondents, belonging to the North-East region.

1. Literature review

Key actions in advancing international entrepreneurship include conducting comparative studies across nations at varying levels of economic development, leveraging the most extensive and comprehensive datasets available, and examining the role and dynamics of diverse institutional

influences on entrepreneurial activity, particularly within EU member states. Further research is needed to assess the effects of integrated institutional frameworks on entrepreneurship and to explore how environmental factors shape entrepreneurial development through international comparative analyses (Lepoutre et al., 2013).

Over the past two decades, the repercussions of economic crises have underscored the critical role of entrepreneurship in driving global economic growth and development. This has sparked significant interest among researchers (Acs, 2014; Amoros and Bosma, 2014; Baran and Velickaite, 2008; Ratten, 2011; Lepoutre et al., 2013; Wildeman, 1998) and practitioners alike, given the multidimensional nature of entrepreneurship and its far-reaching implications at both microeconomic and macroeconomic levels. Additionally, attention has been drawn to the importance of sustaining foreign direct investment (SavoIU, 2013) and the impact of corporate and institutional bankruptcies during economic crises (Robu and Ciora, 2010), and post-crisis corporate restructuring (Dragota, 2013) can decisively influence entrepreneurial activity, as entrepreneurial activity also has the potential to stimulate national and regional economies.

Drawing from both theoretical insights and empirical evidence, European Union policy on entrepreneurship consistently highlights the importance of fostering optimal microeconomic and macroeconomic conditions. These efforts aim to not only support the growth of small and medium-sized enterprises (SMEs) but also to promote entrepreneurship as a whole (Roman, 2013). An important challenge associated with entrepreneurship in EU countries is the lack of sustained growth in start-ups and the structural areas where reforms are needed at the European level aim at both reducing economic-political, legislative, and administrative barriers and supporting education but also entrepreneurship.

In this context, as the phenomenon of unification deepens, it follows that support for entrepreneurship in European countries should benefit from both political-institutional support and the development of specialized research in the field, which would identify the concrete needs of member countries and draw new directions for action according to their specificities.

Entrepreneurship, characterized by innovation, proactivity, and risk-taking (Ratten, 2011), generates numerous positive effects, both directly and indirectly. These include fostering sustainable development, enhancing business performance and economic efficiency, creating jobs, boosting regional and national competitiveness, improving crisis management, and identifying and leveraging opportunities (Ratten, 2011). Additionally, entrepreneurship drives technological and informational advancements (Dragos, 2014; Marin-Pantelescu, 2009), increases productivity, and promotes exports (Baran & Velickaite, 2008).

Baran and Velickaite (2008) describe entrepreneurship as a dynamic process that unfolds across various environments and conditions, leading to transformative changes in the economic system. These changes arise from innovations introduced by entrepreneurs who identify and capitalize on economic opportunities that create value for themselves and their businesses.

2. Methodology and data

This study investigates Romania's entrepreneurial landscape through a mixed-methods approach that integrates both quantitative and qualitative research, with a focus on the transformations brought by Industry 4.0 and the transition to Industry 5.0.

Primary data was collected via a survey distributed to 101 business owners in Romania's Northeastern region. The 13-question questionnaire, shared using the Survio application, aimed to provide comprehensive insights into various aspects of entrepreneurship, including demographic profiles, challenges faced, perspectives on key issues, and the influence of political, economic, and educational factors.

The Romanian SME White Charter 2024 edition, which gathered information from 1,194 SMEs and offered insights into the opportunities, problems, and regional diversity faced by Romanian firms, is also cited in the report.

Methodology for Qualitative Research

The literature review serves as a key qualitative tool in this study, examining relevant theoretical frameworks and empirical research on entrepreneurship from both local and international perspectives. To better understand the entrepreneurial environment in Romania, the review draws on sources such as EU policy documents and data from the Global Entrepreneurship Monitor (GEM), providing valuable context for the analysis.

In order to guarantee data validity and consistency, triangulation was used, cross-referencing survey results with information from secondary data sources and the White Charter.

The research methodology combines empirical data and theoretical viewpoints to provide a thorough picture of Romania's entrepreneurship ecosystem. This methodology enables a comprehensive examination of the determinants influencing entrepreneurship in Romania and its regions by examining both survey-based and charter data.

The White Charter of Romanian SMEs - Short history of previous editions

The White Charter of Romanian SMEs is a valuable tool for examining the small and medium-sized enterprise sector. It offers an in-depth analysis of the sector's economic trends, challenges, and opportunities, highlighting key aspects that shape its growth and development. Produced annually, the White Paper acts as a bellwether on the state of SMEs, providing essential data for policy-makers, entrepreneurs, and researchers.

In addition to this extensive analysis, smaller questionnaires, one aimed at the Romanian policy environment and another at the business environment in the Northeast region, provide additional insights. These questionnaires reveal the perceptions and expectations of different stakeholders, contributing to a deeper understanding of the national and regional context, and highlighting both the policies and support measures needed and the specific challenges faced by entrepreneurs in different parts of the country. Together, these tools provide a comprehensive and nuanced picture of the entrepreneurial landscape in Romania.

The 2022 edition analyzes in detail the situation of SMEs in Romania, based on a significant sample of 1194 firms, reflecting regional diversity and business sectors. The typical Romanian entrepreneur is a married, university-educated man, averaging 48.68 years of age. With an average of 16 years of experience, he typically dedicates around 10 hours each day to managing his business. The report highlights that almost half of SMEs perceive the current economic environment as unfavorable, influenced by factors such as inflation, bureaucracy, corruption, and economic uncertainty. The impact of the COVID-19 pandemic has prompted SMEs to adopt adaptive measures such as teleworking and flexible working hours. Although some firms performed better in 2021 compared to 2020, most expect 2022 to be a difficult year with unfavorable economic developments. The main challenges include inflation, economic uncertainty, and red tape, but also opportunities related to obtaining European funds, digitalization, and expansion into new markets. SMEs continue to rely heavily on bank loans, and the level of capacity utilization is variable, with a significant share of firms operating at below full capacity.

The studied sample consists of 1194 small and medium-sized enterprises (SMEs) and is considered significant for the Romanian business environment. Their distribution by age groups is balanced and the majority of the firms studied (59.88%) are more than 15 years old. The sample includes firms from all eight development regions of the country, with a higher share in Bucharest-Ilfov (16.42%). The overwhelming majority of SMEs in the sample are limited liability companies

(SRLs), representing 95.64% of the total. Micro-enterprises are underrepresented in the sample compared to their share in the national economy, as the focus is primarily on a larger number of small and medium-sized businesses. The companies included in the study span a variety of sectors, including trade, services, industry, construction, transportation, and tourism, with each sector being adequately represented.

Within the sample, entrepreneurs aged 45-60 years are the most numerous (50.13%), followed by those aged 35-45 years (27.75%), while those under 25 years represent only 0.59%. The average age of entrepreneurs is 48.68 years. 34.42% of entrepreneurs are engineers and 30.40% are economists. About 74.43% of the respondents are male and 80.12% are married. A significant percentage, 82.55%, have higher education, while only 16.61% have secondary education and 0.84% have elementary education. Also, 15.51% of the entrepreneurs have participated in training in Romania, while 7.84% have been trained abroad. The experience of the entrepreneurs is considerable, with 40.62% having more than 20 years in the field, and the average length of time as an entrepreneur is 16.62 years. The majority (57.36%) are sole proprietors, while 40.70% have 2-5 partners and 1.94% have more than 5 co-owners. About 85% of the respondents devote at least 40 hours a week to their business, and a third of them work on average at least 12 hours a day, with the average number of hours being about 10 hours a day. At the same time, 54.16% involve family members in company activities. Nearly half (46.90%) of the surveyed firms consider the current economic environment to be hindering business development, 32.08% consider it neutral and 21.02% find it favorable. SMEs that perceive the economic environment as unfavorable are generally older than 15 years (48.95%) and come from regions such as Southern Romania (54.01%), or the tourism sector (57.45%). As for the outlook for 2022, only 17.17% of the enterprises consider that the economic environment will become more favorable, while the majority are pessimistic. The main opportunities identified for 2022 include accessing grants (51.37%), increasing domestic demand (40.71%), penetrating new markets (38.78%), and digitalization (34.31%). Small and medium-sized enterprises face several significant challenges, including inflation (45.82%), economic uncertainty (43.36%), red tape (40.90%), poor infrastructure (33.43%), unfair competition (33.33%) and corruption (32.06%). Other notable problems include rising wage costs (31.76%), excessive taxation (31.56%), and high borrowing costs (30.09%). SMEs are also negatively influenced by the global economic situation (68.32%), insufficient government capacity to manage economic problems (59.39%), and the COVID-19 pandemic (44.90%). Between 2020 and 2021, 39.53% of the surveyed firms operated at the same parameters, 34.51% had an upward trend, and 25.96% restricted their activity. Newer firms, established in the last 5 years, showed a more stable evolution, while firms older than 15 years were more affected.

Performance in 2021 compared to 2020 was better for 44.05% of firms, while 19.51% reported identical performance and 16.25% performed worse. The tourism branch recorded the highest growth, while the transportation sector suffered the biggest losses.

For 2022, 43.38% of SMEs expect better results in 43.38% of cases, while 10.22% expect even much better performance. However, 58.12% of entrepreneurs believe that Romania's economic situation will deteriorate in 2022 compared to 2021.

Faced with the economic challenges, SMEs have adopted various measures, including postponing tax payments (18.17%), technical unemployment (11.73%), accessing loans guaranteed by the IMM Invest program (10.94%), and postponing rent payments (7.45%). The COVID-19 pandemic has also led many firms to make working hours more flexible (55.36%), to promote digitalization (33.84%), and to use teleworking (27.39%). However, it has also created challenges, such as difficulties in organizing activities and demotivation of employees.

According to the 2023 research report, the profile of the Romanian entrepreneur is well-defined, showing a clear picture of who runs a small or medium-sized enterprise in Romania. In general, the typical entrepreneur is a male, around 50 years old, married, with a solid engineering

education. Entrepreneurs in this profile have significant experience, averaging over 20 years in the field. This reflects a strong commitment to their ventures and a deep understanding of the Romanian business landscape. Entrepreneurs in this category operate predominantly at the local level, which shows a strong connection with the communities in which they operate. They are confident in their strengths and pay particular attention to the reputation of the firm they run. These entrepreneurs retain experienced and highly committed employees, demonstrating an HR strategy that emphasizes stability and continuity. In terms of innovation, the profile of the Romanian entrepreneur can be considered conservative, preferring to adopt safe and tested measures rather than risky experiments.

The analysis of the research results for 2023 and 2022 reveals notable trends and shifts in the economic landscape, highlighting the evolving challenges faced by Romanian SMEs. In 2023, inflation became the most pressing issue, affecting 56.45% of firms, up from 45.82% in 2022. High borrowing costs, falling domestic demand, and difficulties in training and retaining staff are also issues that have intensified over the past year.

Economic uncertainty continues to be a major challenge, with 31.76% of SMEs feeling its effects. Unfair competition and rising wage costs also remain significant problems. In contrast, other challenges that dominated 2022, such as red tape and corruption, appear to have decreased in importance in 2023. Comparing perceptions of the business environment, 22.16% of SMEs expect the business environment to evolve favorably in 2023, a slight improvement from 21.02% in 2022. However, the percentage of those intending to access structural funds decreased significantly from 71.92% in 2022 to 54.28% in 2023, which could reflect increased skepticism about the effectiveness of these funds or difficulties in accessing them.

Another notable point is the substantial rise in the proportion of SMEs expected to be self-financing in 2023, reaching 58.18%, compared to 40.00% in 2022. This trend indicates a greater orientation towards own resources, probably in response to the uncertainties and risks associated with external financing. In the global economic context, the global economic situation continues to have a significant negative impact on SMEs in Romania, although its influence has decreased to 53.91% in 2023 from 68.32% in 2022. Insufficient capacity of the government and parliament to manage economic issues is another challenge, felt by 47.46% of firms in 2023, down from 59.09% in 2022.

Poor predictability of the business environment, affecting 45.68% of SMEs in 2023, and excessive red tape (33.33%) are other persistent problems, but with less influence compared to the previous year. This data suggests that although some challenges are decreasing, they remain factors of concern for small and medium-sized enterprises.

Despite the challenges, there are also notable opportunities for SMEs in 2023. Increased demand in the domestic market is seen as the main opportunity, with 60.72% of firms seeing it as favorable. The adoption of new technologies and digitalization are other important opportunities, identified by 36.93% and 29.74% of firms respectively. Accessing European funds and grants, although down on the previous year, remains an opportunity seized by 34.85% of SMEs. The realization of business partnerships and the penetration of new markets are other directions of development, indicating an openness towards the diversification of activities and the expansion of business beyond national borders.

In terms of financing needs, the majority of SMEs (44.31%) indicate the need to invest in equipment, technology, or real estate. Financing of inventories and working capital is another critical need, felt by 41.80% of firms. Furthermore, 24.67% of SMEs require financial resources to develop new products and services or to enter new markets, highlighting their focus on innovation and growth. A smaller but significant 9.16% of firms emphasize the importance of employee training, reflecting a concern for human capital development. Also, 6.94% of SMEs are looking to refinance other financial obligations, an indicator of the financial pressures they face.

Accessing European funds is seen as a major opportunity for SMEs, offering multiple benefits. The development of new products and services is seen as the greatest advantage, with 70.37% of firms identifying it as a key factor. The acquisition of new equipment and technology, mentioned by 63.58%, and improving the quality of products and services (58.64%) are other significant benefits.

The development and improvement of organizational management, research and innovation, and employee access to training courses are other relevant benefits, indicating a strategic use of funds to improve the competitiveness and performance of SMEs. For the next two years, SMEs' objectives focus on moderate business expansion, with 66.54% of firms intending to gradually increase the size of their activities. Maintaining the business at its current size is the objective for 17.47% of firms, while 10.04% of SMEs want to expand rapidly.

On the other hand, a small percentage of firms (2.42%) intend to downsize and 2.23% intend to sell their business. A very small percentage (1.30%) plan to close their business, indicating a general confidence in continuing to do business, even in the face of considerable challenges. The report also includes several proposals to support SMEs in the current economic environment. These include not changing the tax code, accessing the European funds available through 490 calls for 490 calls, totaling €36.8 billion, and using the €12 billion Modernization Fund. Programs such as Romania Start-Up Revolution are also essential to stimulate entrepreneurship and innovation in the SME sector. These measures, together with increased attention to the global and national economic context, can significantly contribute to the consolidation and development of Romanian SMEs in the coming years.

The 2024 edition of the Romanian SME White Paper represents the 22nd consecutive annual research report published by the National Council of Small and Medium-Sized Private Enterprises in Romania (CNIPMMR), a leading employers' organization for the SME sector. This report provides a comprehensive and up-to-date analysis of the SME sector, a vital component of the Romanian economy that plays a key role in job creation and national GDP. The economic and social landscape in Romania has been profoundly shaped by global events, including the COVID-19 pandemic and the ongoing military conflicts, particularly the war in Ukraine.

The 2024 White Paper was developed through a deep understanding of the current challenges and opportunities within both the national and international economic and social contexts. The study took into account the impacts of the COVID-19 pandemic, the war in Ukraine, and ongoing conflicts in the Middle East, alongside key policies and funding programs from the European Union for 2021-2026. This includes the Small Business Act and the biannual evaluations conducted by the European Commission. The report places particular emphasis on analyzing the state of SMEs in Romania, based on interviews and surveys conducted with 1,077 entrepreneurs and managers in the sector during the first half of 2024.

The Romanian SME White Paper for 2024 includes several key analyses that provide a clear perspective on the state of the sector at the national, regional, sectoral, and county levels. Among the main categories of analysis is the assessment of SMEs' performance in commercial, financial, innovative, digital, and social terms. Each chapter of the report concludes with a selection of significant issues that summarize key findings and provide strategic recommendations for overcoming current challenges and seizing economic opportunities.

One of the important issues highlighted by the report is how pandemics and military conflicts have influenced the evolution of SMEs. The 2024 edition provides a strategic and tactical projection aimed at eliminating or reducing the challenges faced by SMEs and enhancing economic opportunities, both nationally and internationally.

The first of the 2024 edition of the White Paper is the introduction of a chapter dedicated to social dialogue and social partners. This chapter highlights ways to improve social dialogue to contribute to increasing the functionality of the economy and improving the social climate in Romania.

The COVID-19 pandemic and the war in Ukraine have both had a profound effect on SMEs in Romania. According to the study's findings, by the spring of 2023, 41.26% of SMEs viewed the economic environment as unfavorable for business development, while 27.86% regarded it as neutral, and 30.89% considered it favorable. These results highlight the uncertainty and volatility that have shaped the economic landscape in recent years.

As regards the internationalization of SMEs, this remains a major challenge. The study shows that Romania has an export coverage level of only 7% of the total capacity of SMEs, a sign that better training and support for entrepreneurs in approaching international markets is necessary. Only 7.89% of Romanian enterprises participated in fairs, exhibitions, or economic missions abroad in 2023, which underlines the need for education and tools to facilitate internationalization.

According to the financial policy of the European Union, investments in research and innovation are important for the future of Europe, contributing to solving major societal challenges. In this context, Romania could become an example of good practices in terms of innovation. However, without a set of appropriate support measures, results could emerge late or not at all. Currently, the financing of research-development and innovation activities in Romanian SMEs is mainly done from own sources (77.80%), supplemented by European funds (22.86%), loans, and bank loans (11.65%), with little support from central and local public authorities.

Although the economic environment has been perceived as unfavorable by a significant part of SMEs, there are also positive aspects that deserve mention. Research results show that in 2023, 10.77% of firms performed much better than the previous year, and 52.06% reported improvements. These data indicate a tendency to recover and increase the competitiveness of Romanian SMEs, even in difficult economic conditions. The report's conclusions underline the need to adapt public policies to meet the specific needs of SMEs. Priorities should include supporting investment in equipment and technology, developing new products and services, as well as improving access to international markets. Also, employee training and refinancing of financial obligations are key issues that require increased attention. Main factors impacting the entrepreneurial system in the North-East region - political pillar, economic growth and entrepreneurial dynamics - are influenced by a variety of economic factors. There are entrepreneurial opportunities, entrepreneurial skills, and preferences that are affected by economic factors, both directly and indirectly. This creates a strong entrepreneurial environment. For the case study, we opted to use the questionnaire method. This research aims to explore entrepreneurial intentions, management practices, the key challenges faced by entrepreneurs in Romania's North-East region, and their perceptions of entrepreneurship in the country.

The questionnaire allows for the collection of data on various aspects, including the educational background of entrepreneurs, their attitudes, and their trust in the public system, the Romanian government, and local authorities. It also explores the characteristics of the regional entrepreneurial ecosystem. This study aims to identify the factors influencing both the national and regional environments, addressing issues at both the individual and structural levels.

Recommending a model that can improve the regional and national level of entrepreneurial activity is the third objective which, in essence, is the result of the questionnaire and creates the framework in which we can formulate relevant recommendations that can improve the entrepreneurial ecosystem. The research method used is that of the interview based on the questionnaire. The study analyzed the responses from 101 questionnaires, each comprising 13 questions. distributed through the Survio application. The collected data were subsequently processed manually. The following results from the questionnaire provide demographic data of the respondents, accompanied by two graphs illustrating the level of education and the nature of the entrepreneurs' vocational training. The general interpretation of the entrepreneur's profile in North-East region, based on the questionnaire data, highlights an entrepreneurial landscape with multiple challenges, but also opportunities, as follows.

1. *Demographic profile:* The predominance of women (66%) among entrepreneurs in the northeast region indicates a positive trend towards gender equality in the business environment. This indicates that women in the region are taking on more leadership roles and making meaningful contributions to local economic development. Additionally, the fact that 91% of the entrepreneurs are from Generations X and Y (born between 1961 and 1995) suggests they bring a wealth of both professional and personal experience to their ventures. Generation X (born between 1961 and 1980) is known for its values of stability and hard work, and Generation Y (1981-1995) for its ability to adapt quickly to change and openness to innovation.

2. *Sector of activity:* The majority of entrepreneurs in the Northeast Region (48%) are active in the service sector, which reflects the specific economic structure of this region. This suggests an orientation towards industries such as tourism, trade, health, education, or consultancy. The North-East region of Romania, being a less industrially developed region, makes services a main area of activity and an important source of jobs and income. This trend could indicate an opportunity for the development of innovative businesses oriented towards the needs of the local and national community.

3. *Entrepreneurial challenges:* A significant percentage of entrepreneurs in the Northeast Region believe that economic instability (43%) and frequent political changes (42%) negatively affect business. This perception reflects the difficulty of making long-term plans in an uncertain and unpredictable environment, both economically and legislatively. Entrepreneurs in the North-East Region face challenges specific to emerging economies, where constant adaptation to new conditions is essential for survival. For example, economic fluctuations can affect material or labor costs, and political changes bring legislative and fiscal instability, which complicates running a business.

4. *Opportunities for improvement:* Entrepreneurs identified cutting red tape (41%) and lowering taxes (42%) as key measures that could improve the business environment. This desire to reduce administrative complexity and the tax burden indicates that these factors currently represent a significant burden for businesses, especially small and medium-sized ones. In particular, access to various financing programs and tax incentives is made more complicated by excessive red tape, which discourages private initiative. If these aspects were improved, the chances for faster business growth and increased market competitiveness would increase.

5. *Entrepreneurship education:* Only 29% of respondents believe that entrepreneurial education in Romania is effective, but 37% are confident that the Alpha generation (2013-present) will bring positive changes in the entrepreneurial environment. This underlines the perception that entrepreneurship education is underdeveloped in the Romanian education system. However, there is hope that younger generations, exposed to an internationalized educational environment and technology, will contribute to the modernization of Romanian entrepreneurship. This points to a pressing need to reform education towards the development of practical and relevant skills for young entrepreneurs, adapted to the globalized market and the challenges of the digital age.

6. *Business financing:* Accessing European funds is seen as the most attractive source of finance (38%), followed by own resources (39%) and loans from relatives or friends (33%). This reflects entrepreneurs' confidence in the opportunities offered by the European Union to support business development. However, the use of their resources and informal borrowing suggests that many businesses are still financially vulnerable and dependent on non-institutionalized sources of finance. This reliance on personal and relational sources could indicate that access to bank credit or other sources of capital is limited or difficult to obtain, especially for small and developing businesses.

7. *Perceived risks:* The risk of accumulating personal debts (51%) and bankruptcy (46%) are the main concerns of entrepreneurs in the North-East Region. This shows the high level of financial insecurity faced by local entrepreneurs. Given the economic instability and the challenges they face, entrepreneurs perceive personal risks as very high, which may discourage entrepreneurial initiatives

and contribute to business stagnation or closure. There is a significant strain on personal financial resources, making insolvency risk a major concern.

8. *Support and regulations:* Some 34% of respondents believe that the Romanian state and local authorities do not sufficiently support the development of entrepreneurship. In contrast, 39% of entrepreneurs trust the support provided by the European Union, especially in terms of simplifying access to EU funds and cutting red tape. This reflects a disconnect between local entrepreneurs and state institutions, which are perceived as slow and inefficient in promoting a business-friendly environment. Conversely, the European Union is regarded as a key strategic partner, offering practical solutions for economic development through funding and supportive policies.

The profile of the entrepreneur in North-East region, based on the data obtained from the questionnaire, provides a detailed picture of the business environment in this region, highlighting both the challenges and opportunities faced by local entrepreneurs. This profile highlights the demographics, main areas of activity, and perceptions of external factors influencing business development. It also highlights how entrepreneurs are adapting to the economic and political environment, the financing strategies used, and the perceived risks in running their businesses. The table below summarizes these aspects to provide a clear picture of the regional entrepreneurial profile.

In conclusion, the profile of the entrepreneur in the North-East Region suggests that he/she is an adaptable person, facing an unstable economic and political environment, but who sees support from the European Union as a major source of opportunities. Although bureaucracy and high taxes are significant obstacles, entrepreneurs have hope for future generations and economic reforms. They take big risks in running their businesses and seek innovative financing solutions, but financial vulnerability remains a major stress factor. Economic and political changes, in combination with inadequate entrepreneurial education, create a complex but potential-packed environment for those who manage to navigate local challenges.

3. Questionnaire results

Important details on the entrepreneurial climate in Romania's North-East region were uncovered by the survey's 101 participants:

Characteristics: The poll revealed that 66% of entrepreneurs were female, and 91% of participants were from Generation X (born 1961–1980) and Generation Y (born 1981–1995), indicating a basis of experienced entrepreneurs.

Problems: Respondents cited frequent political changes (42%) and economic volatility (43%) as the two biggest obstacles, raising concerns about the unpredictability of the business environment.

Prospects: Entrepreneurs identified key areas for improvement, including tax reductions (42%) and a reduction in bureaucracy (41%), both of which are considered essential for enhancing the business environment.

Education for Entrepreneurship: The effectiveness of entrepreneurship education in Romania was deemed by just 29% of the participants. Nonetheless, 37% of respondents said they were hopeful that newer generations, like Generation Alpha, would bring about improvements.

Funding: European funds were viewed favorably by 38% of entrepreneurs as a financing alternative, with private resources coming in second at 39% and loans from friends and family at 33%. This suggests that entrepreneurs rely on unofficial or personal sources of funding.

Felt Dangers: Entrepreneurs have recognized personal debt buildup (51%) and insolvency (46%), as the two main dangers.

Conclusions

By analyzing the Romanian SME White Charter 2024 in comparison with our questionnaire addressed to entrepreneurs, we observe that there are several essential similarities and differences between them. Although all three documents acknowledge the importance of SMEs and the need for sufficient support from both the state and the European Union, the White Charter offers a thorough and detailed analysis of the SME landscape, presenting specific strategies for their development. On the other hand, the questionnaire is geared towards polling public opinion and obtaining a picture of the perception of the current state of entrepreneurship in Romania. While the objectives and analytical approaches may differ, each of these documents plays a crucial role in enhancing the understanding and development of the SME sector in Romania, offering valuable insights for both entrepreneurs and policymakers.

Limitations and future research directions

A future direction of action aims at elaborating and developing our model, based on which we can draw action directions and objectively assess entrepreneurship development in Romania's northeast region. The model we propose is built around a composite entrepreneurship variable at the regional level, derived through the sequential application of principal components analysis. The initial variables used are sourced from secondary data with strong conceptual relevance. Based on the significance of the three components—political, economic-administrative, and entrepreneurial education—the results affirm the importance of a supportive political, economic, and administrative environment for fostering entrepreneurship. They also highlight the inefficacy of entrepreneurial education if it is not backed by a robust entrepreneurial culture or a suitable economic-administrative infrastructure.

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