

# Entrepreneurship - an Opportunity for Young People in Romania

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**Abstract.** Lately, there is more and more talk about the notion of entrepreneurship, which is the occupational and social impact of entrepreneurial activities and what are the benefits and risks of a person who decides to start a business on their own. Therefore, in this article we set out to present the importance and role of entrepreneurship for young people in Romania. Entrepreneurial activity has a major impact on the economy, because they are the ones who make the world move forward and things move in the right direction. According to our studies, one in two urban Romanians would like to become an entrepreneur, even if they encounter several obstacles when they decide to open a business, regardless of their field of activity. In 2019, 134,220 companies were established, and in 2020, due to the pandemic, their number decreased to 109,939.

**Keywords:** business, entrepreneurship, entrepreneur, youth, Romania.

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## 1. Introduction

Entrepreneurship is an integral part of the history of all mankind and permeates all societies and economies. It is related to the individual financial well-being, but also to the economic well-being of the families and communities we belong to. Therefore, entrepreneurship is at the heart of economic and social life everywhere. [1]

That's why I believe that anyone can be an entrepreneur. Each of us has qualities that are among the qualities of an entrepreneur, even if we are different and have different qualities that can generate beautiful and successful things.

We can say that entrepreneurship is the connection between individuals, opportunities and resources that results in the creation of added value, by launching on the market some innovative products or services or of great need in a certain community.

Many of us have business ideas, but few have the courage to put them into practice. American businessman Fred Wilson said that entrepreneurship is the art of turning an idea into a business and Barringer B. defines entrepreneurship as the process by which some people pursue opportunities for market demand and take the risk of creating a business. company that satisfies this request. [2]

Entrepreneurship, according to Hopp and Stephan, develops in socio-cultural environments that support performance-based behaviors, risk-taking, individuals working to high standards to be successful, this is achieved through their own efforts, not through inheritance. [3]

## 2. Materials and methods

The documentation for this article was made from external and internal sources, data were also collected from the National Institute of Statistics and the Chamber of Commerce, and as working

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methods, the authors used: observation, analysis, collection and processing of information obtained.

### **3. Results and discussion**

In recent years, there has been more and more discussion about entrepreneurship, so we must recognize that entrepreneurship is a source of income, which is a key element for growth and job creation. Supporting entrepreneurship has become a priority as a way out of the crisis and stopping the unemployment rate. [4] Regardless of the economic performance, the activity of a company will be formed at the intersection between certain factors, such as: social, of a legislative-normative nature, financial, political and technological. These factors influence the entrepreneurial environment differently and can act, both in terms of decreasing and in terms of increasing its performance. [5]

Therefore, encouraging entrepreneurship requires promotion, the right to think, entrepreneurial skills and awareness of career opportunities as an entrepreneur. Supporting economic and entrepreneurial education is a need for survival in today's Romanian society. [6]

Entrepreneurship has the effect of stimulating national economic growth and contributes to the development of the society in which we live. With the evolution of the entrepreneurial system, the quality of life also increases. It is a well-known fact that entrepreneurs are the engine of the economy, through business innovation and the creation of the products and services they bring. Entrepreneurship is the solution for economic development, which we need so much in Romania. [7]

Entrepreneurship is the ability of a person to turn ideas into actions. In other words, this activity involves creativity, innovation, taking certain risks, the ability to plan and manage projects in order to achieve the proposed objectives.

Entrepreneurs share a common set of traits that help them start their own business and increase their chances of success. These traits include: work capacity, leadership skills, desired degree of independence, risk tolerance or the degree of responsibility they want to take on. We can say with certainty that Romanians are not prepared from this point of view and feel the need to develop these characteristics through educational programs.

Therefore, entrepreneurship must be promoted as a serious alternative to the traditional professional career. The Romanian state should promote entrepreneurship in school, early entrepreneurship education being vital for the formation of skills and entrepreneurial behavior in Romanian society. [8]

You don't have to be born with this skill to be an entrepreneur, but you can become a successful entrepreneur by mastering these skills, so entrepreneurship is a skill that can be learned.

Given that most entrepreneurs are college graduates and that entrepreneurial knowledge can best develop at this stage, entrepreneurship education in higher education has a major impact on young people.

Therefore, the academic environment can play an important role in the formation and dissemination of entrepreneurial culture, through several major directions:

1. to provide entrepreneurship education and training for students and graduates;
2. to develop innovative technologies, especially in technical and scientific universities, which are being applied in entrepreneurial projects that bring added value;
3. to create links between academia and business.

In Romania, some progress has been made in recent years, in terms of entrepreneurship training in universities, both through the university program and through the projects facilitated by the Sectoral Operational Program-Human Resources Development.

In terms of entrepreneurship, Romania ranks 6th, tied with Lithuania, among the 28 EU member states. It may seem surprising, but below us are very strong European countries in entrepreneurship and startups, such as Ireland, the United Kingdom or Poland. [9]

Despite all the problems in the country, Romanians are far behind and manage to stand out in the EU, through their interest in starting a business.

Thus, in the period 2008-2018, Romania registered the largest advance in the EU in terms of indicators of high performance and progress in entrepreneurship, taking into account the low level from which we started.

In terms of setting up new businesses, Romania ranked 15th out of 22 countries worldwide,

according to a study by UHY, as can be seen in the table 1. [10]

More than 25 million new companies were created in China in 2020, up 5% from more than 23.7

million created in 2019. The highest increase was in the Philippines, where the number of start-ups doubled.

**Table 1.** The evolution of new enterprises worldwide in the period 2019-2020

No.	Country	2019	2020	-number-
1.	China	23,770,000	25,020,000	
2.	United States	3,470,000	4,410,000	
3.	Brazil	3,170,000	3,359,750	
4.	France	815,300	848,200	
5.	United Kingdom	636,368	725,882	
6.	Germany	550,600	542,200	
7.	Australia	355,722	344,472	
8.	Poland	359,101	316,235	
9.	Italy	353,052	292,308	
10.	Netherlands	230,361	236,589	
11.	Peru	264,083	226,763	
12.	Russia	283,900	214,600	
13.	India	164,636	180,364	
14.	Vietnam	138,139	134,941	
15.	Romania	134,220	109,939	
16.	Belgium	119,246	99,914	
17.	Japan	131,292	84,718	
18.	Philippines	30,081	75,876	
19.	Spain	93,951	71,483	
20.	Ireland	22,774	21,924	
21.	Pakistan	14,461	16,929	
22.	Croatia	5,914	2,031	

Source: <https://www.profit.ro/stiri/economie/tabel-numarul-firmelor-nou-infintate-a-scazut-in-romania-in-contextul-crizei-exista-riscul-aparitiei-unui-sistem-cu-doua-viteze-intre-economiile-europene-20301044> [10]

All over the world, small and medium-sized enterprises (SMEs) are the engine of the economy. They play a vital role in the sustainable functioning of local markets, but also of the global market. They employ 50% of the total workforce globally, while in Romania they represent 66%. In addition to SMEs, and as a distinct category of these, start-up and scale-up small businesses, which are at the beginning of the road and are defined by a process of accelerated growth, contribute significantly to socio-economic development. -economic and through: [11, 12]

- ✓ creating new jobs
- ✓ increasing economic dynamism by stimulating innovation
- ✓ creating new industries.

In Romania, in 2021, the number of registrations of individuals and legal entities reached 148,294 companies, increasing compared to 2020, when 109,939 were registered. Compared to the two years of pandemic, before the pandemic, in 2019, 134,220 registrations were registered at ONRC. Thus, after two years of pandemic, the number of new companies registered in the Trade Register increased. [13]

The main cities in the two years of the pandemic, where most companies were registered, are: Bucharest, Cluj and Ilfov.

In the case of 2019, the top looked a little different: Bucharest, Cluj and Timiș, as can be seen in the table below. [14]

**Table 2.** Top cities where most companies were registered, 2019-2021

Period	City	Number of companies
2019	Bucharest	19,057
	Cluj	6,537
	Timis	5,934
2020	Bucharest	19,096
	Cluj	5,784
	Ilfov	5,510
2021	Bucharest	24,038
	Cluj	8,622
	Ilfov	7,059

Source: <https://actualdecluj.ro/bilantul-pietei-firmelor-inainte-vs-dupa-pandemie-cum-au-evoluat-companiile-in-ultimii-ani-clujul-a-ramas-judetul-din-tara-cu-most-companies-established-by-capital-both-before-and-after> / [14]

The corporate market has undergone changes and adaptations in these two years. New companies appeared just as the pandemic broke out in Romania and at the same time there were companies that had to put the lock on the door a few years later. We can see from table 1 that after Bucharest, Cluj remained the county in the country with the most established companies, both before and after the coronavirus pandemic. Covasna, Ialomița and Călărași had the fewest new companies registered, in 2021, between 1,065 and 1,235. [15]

In 2021, company registrations recorded the highest level in history, respectively 148,294 newly established entities, 35% more than in 2020 and 11% above the pre-pandemic level of 134,220 reached in 2019. [13]

According to the Keys Fin Macro Update report the largest percentage increases in the number of newly established companies in 2021 were registered in the following areas:

- ❖ Agriculture, with 15,482 newly established companies and an increase of 262%;
- ❖ Energy and Gas, with 592 newly established companies and an increase of 218%;
- ❖ IT&C, with 10,964 newly established companies, respectively an increase of 53%

The extractive industry registered an annual decrease of 5% compared to the previous year, with 111 companies newly established in 2021.

In conclusion, we can say that entrepreneurship is the engine of a country's development, ie the one

who takes the risks and responsibilities of a business.

In Romania, the entrepreneurial spirit can be developed through the involvement of the state, but also of educational institutions. Parents also play a very important role in the lives of young people, who should support and encourage them to follow various internship programs or other opportunities for the development of entrepreneurial skills. Young people with these skills are more likely to start their own business.

#### 4. Conclusions

Entrepreneurs need support to start or develop businesses in Romania, especially access to sources of financing, coaching, mentoring, consulting or market access for suppliers and customers.

Obstacles identified by Romanian entrepreneurs in starting a business include: bureaucracy, legislation that is unclear and unstable, the relationship with state authorities, taxation and corruption.

A custom of the Romanian entrepreneurial system is the lack of access to finance. Most of those who want to set out on their own do not have the financial resources to do so. In Romania, there are currently several sources of financing available, including: government programs, European funds, or bank loans.

Not only the state, but also the private sector can contribute to the development of entrepreneurship through: training sessions, events and competitions for entrepreneurs at the beginning of the road, mentoring programs and support for start-ups or information sessions about existing funding opportunities.

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