

Chapter 50

Entrepreneurship Development in Northeast Region of Romania

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ABSTRACT

The actual trend of a growing entrepreneurial phenomenon at international level, makes a priority also for Romania to improve its local entrepreneurship level, by developing and implementing strategic measures for sustaining the entrepreneurial activities in rural and urban areas all over the country. The first step for achieving this it is to make an analysis for obtaining an accurate current stage of development of Romanian entrepreneurship at local and regional level. Using statistical data analysis and questionnaire survey, this study represents a clear mapping of entrepreneurship development status and SMEs evolution in the Northeast region of Romania. The results can be used to propose further measures for supporting local and regional entrepreneurship and the research methodology was also applied in a similar study conducted by author in the Southeast region of Romania

1. INTRODUCTION

The present study aims to answer the problem of identifying viable solutions to medium and long-term effect on support entrepreneurial initiatives and sustainable development of SMEs. This current issue is important, considering that entrepreneurship at international level has an increasingly significant share in the economy. Research methods used in this study are analyzing statistical data provided by the National Institute of Statistics and Eurostat and questionnaire survey, administered to a sample from Northeast Region of Romania (own data collection). The first part of the study presents an analysis of statistical data recorded in the Northeast region of Romania, such as: structure and dynamics of SMEs, SMEs situation at one year after start, the density of SMEs; number of employees in SMEs; the gross investments of SMEs and the share of innovative enterprises. The second part of the study presents the results of a survey regarding the interest for developing entrepreneurial activities in the Northeast region, which was applied on a sample of 246 respondents.

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The questionnaire contains 12 closed questions, of which 7 are referring to the subject of the investigation and 5 are referring to socio-demographic characteristics of the respondents. The paper ends with a set of conclusions and results of the study, which can be used to elaborate and implement strategic measures to stimulate entrepreneurship in the medium and long term, both in the Northeast region and at national level.

2. LITERATURE REVIEW

The recent period is one of the spectacular changes in all areas of socio-economic activity worldwide, the most important of them being registered on technical, informational, educational, cultural and political domains. Among the significant changes lately noticed in Europe and other highly developed countries is the position of entrepreneurship and SMEs in the center of economic and social development, by transforming them into a dynamic element and a strong creator of added value, jobs and financial resources to central and local budgets (Cirstea et al., 2016)

Thus, the development of small and medium sized enterprises (SMEs) represents an important part of economic policy, which influences the rhythm of the long lasting economic growth in Romania (Istocescu, 2005). Romanian business environment is still facing a lot of problems, such as: decrease of internal demand, excessive taxation, bureaucracy, high credit costs and difficulties for accessing loans, delays in revenues from customers and so on. (Nicolescu, 2010). According to some recent studies, the major reasons for the failure of businesses seem to be management competence, lack of planning and securing financial resources (Mughan et al, 2004). That's why the entry of new firms is often held to be beneficial for economic efficiency and growth because new entrants stimulate competition and efficiency and may also generate, disseminate and apply innovative ideas (Bruno et al., 2008).

But for SMEs to become a real factor of local economic dynamism, they must also be integrated into a well-structured environment, into coherent territorial network for producing relations, exchanges between them and other operators, such as banks, higher education institutions, training centers, consultancy firms, local governments (Istocescu, 2005). In these circumstances the present study of entrepreneurship level is welcomed in order to elaborate and implement a set of strategic measures to sustainable develop entrepreneurship in Romania.

3. ANALYSIS OF SMEs INDICATORS IN NORTHEAST REGION

This section presents a data analysis over a set of indicators related to SMEs activity in the Northeast region of Romania. The first part of the analysis presents the structure and dynamics of SMEs in the region.

3.1. SMEs Structure and Dynamics

Having a number of 53997 active SMEs in 2015 the Northeast region owns only the 6th position at national level, surpassing only West and South West regions. In the period 2012 - 2015 the number of active SMEs increased at regional and national level. The dynamics of micro and small enterprises was positive, but the regional increase in Northeast (7%) was less than the national level, where both categories of enterprises increased by 8% in the period under review. In 2015 the number of active SMEs

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