

ENTREPRENEURSHIP, THE MAIN FACTOR OF ECONOMIC AND SOCIAL DEVELOPMENT

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Abstract:

The economic and social development depends on general business activity in any region. The public policies targeting the development of entrepreneurship in Romania must be addressed, as well as the European Union in the context of an ecosystem whose pillars are: entrepreneurship education at all levels, streamlined and predictable regulatory framework and access to finance oriented to the competitiveness.

The entrepreneurial education is useful both for those who set up a start-up or already have a business and develop it and for individual unrelated businesses: the social entrepreneurs who leading nongovernmental organizations, the entrepreneurs who leading research laboratories or research projects, the political entrepreneurs, the cultural entrepreneurs, and others.

Keywords: entrepreneurship, economic development, social development, entrepreneurship education

JEL Classification: I25, O17

1. Introduction

The economic development is a manifestation of the dynamics of macroeconomic development requires a set of qualitative, quantitative and structural both in the economy and in scientific and technological research in the mechanisms and organizational structures of the economy, the thinking and behavior of people [1].

A special feature of developed economies is given the vital role of entrepreneurship as a central pillar of economic growth. Lately, the difficult economic context, the role of entrepreneurs has become increasingly visible and evident to the authorities and the general public in Romania and worldwide. *Entrepreneurs who create new jobs where few think to employment, they are the ones who see opportunities in economic crisis and who make investments including in recession* [2].

Entrepreneurship is manifested in the economy in a variety of forms and with very different results which not only reflects the economic and financial welfare. Similarly, entrepreneurship is linked to technological progress, creating jobs and reducing social inequalities or environmental issues [3].

The main barometer in measuring the intensity of entrepreneurial activity is the small and medium enterprises. Through the work they perform, they lead to increased competition in the market, which results in lower prices, improved product quality, and encouraging the implementation of new technologies in the company.

Nu se poate vorbi de dezvoltare economică într-o societate fără îndeplinirea condițiilor de viață și a incluziunii sociale. One way to ensure social inclusion rests with social entrepreneurship. Social entrepreneurs create social value through a continuous process of innovation and exploit new opportunities.

Sustainable economic growth and improving the population's living standards are determined by the development of economic competitiveness in the context of global challenges (globalization of the economy, opening international markets, rapid technological change), challenges that must be transformed into opportunities by a state economy.

Lately Romania registered a macroeconomic stability, essential for sustainable development of the country. A positive indicator that this stability is ensured steady growth of the private sector in GDP. Besides the small and medium enterprises (SME) is a dynamic sector with great capacity to adapt to market demands, which create new jobs and absorb redundant labor from other sectors. The number of existing active private SME in Romania demonstrates the existence of an entrepreneurial spirit, which requires, however, further economic education and knowledge market potential.

2. The entrepreneurship indicators developed by OECD and Eurostat

Background sizing policies and financial support for entrepreneurship support requires regular assessments based on measuring relevant parameters. The most representative is Entrepreneurship Indicators Programme (EIP) [4]

developed by OECD and Eurostat, it shows a set of indicators with a focus on data comparability and periodicity of reporting period (Figure no. 1.).

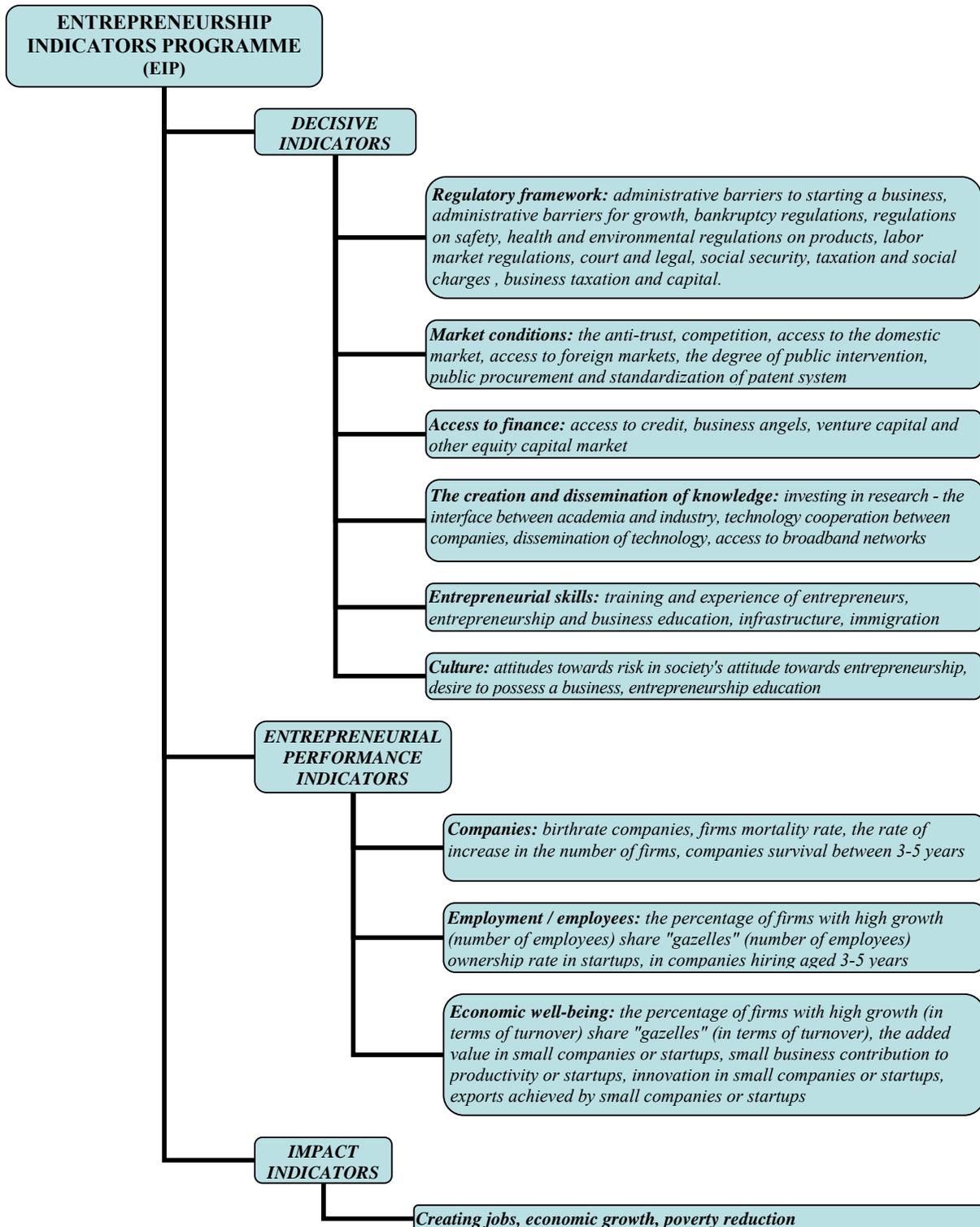


Figure no. 1. The entrepreneurship indicators

Source: <http://www.postprivatizare.ro/romana/wp-content/uploads/2012/10/Studiu-Antreprenoriat.pdf>, Promovarea antreprenoriatului ca factor cheie pentru dezvoltarea economică, Studiu elaborat de Fundația Post-Privatizare, 2012

Indicators of the EIP - Entrepreneurship Indicators Programme in the European Union countries [12]:

- ✓ number of young high growth enterprises (gazelles) measured in employment (5 employees or more) (Table no. 1);
- ✓ number of high growth enterprises measured in employment (5 employees or more) (Table no. 2).

Number of young high growth enterprises (gazelles) measured in employment (5 employees or more)

Table no. 1

GEO/TIME	2007	2008	2009	2010	2011	2012
Czech Republic	638	702	841	741	638	631
Denmark	340	:	209	207	184	:
Estonia	203	202	141	98	93	93
Spain	:	:	2.023	1.497	1.373	1.218
France	:	:	1.893	1.816	1.923	1.924
Italy	2.162	2.176	1.962	1.686	1.597	1.676
Latvia	385	:	:	:	539	167
Lithuania	292	:	153	229	111	:
Luxembourg	81	92	88	64	63	:
Hungary	680	706	520	395	370	434
Netherlands	787	:	:	:	:	1.017
Portugal	:	519	767	680	566	503
Romania	369	257	196	420	405	620
Slovenia	133	200	150	107	79	:
Slovakia	314	:	:	:	:	450

Special value: not available

Source: <http://appsso.eurostat.ec.europa.eu/nui/submitViewTableAction.do>, Indicators of the EIP - entrepreneurship indicators programme (until 2007, NACE Rev. 1.1); <http://appsso.eurostat.ec.europa.eu/nui/submitViewTableAction.do>, Indicators of the EIP - entrepreneurship indicators programme (from 2008 onwards, NACE Rev. 2)

Number of high growth enterprises measured in employment (5 employees or more)

Table no. 2

GEO/TIME	2007	2008	2009	2010	2011	2012
Czech Republic	4.534	4.035	3.298	3.006	3.832	4.035
Denmark	2.018	1.291	1.024	1.019	:	1.291
Estonia	984	643	372	390	434	643
Spain	17.827	9.176	7.466	7.314	7.876	9.176
France	:	15.563	11.042	10.791	11.005	15.563
Italy	14.515	13.762	10.915	9.888	9.538	13.762
Latvia	1.756	:	:	582	841	:
Lithuania	1.411	613	656	404	:	613
Luxembourg	338	323	247	238	:	323
Hungary	3.599	2.527	2.353	2.336	2.699	2.527
Netherlands		:	:	:	4.497	:
Portugal	5.419	3.821	3.204	2.730	2.239	3.821
Romania	3.265	574	1.033	623	860	574
Slovenia	1.510	731	522	363	:	731
Slovakia	891	:	:	:	2.051	:

Special value: not available

Source: <http://appsso.eurostat.ec.europa.eu/nui/submitViewTableAction.do>, Indicators of the EIP - entrepreneurship indicators programme (until 2007, NACE Rev. 1.1); <http://appsso.eurostat.ec.europa.eu/nui/submitViewTableAction.do>, Indicators of the EIP - entrepreneurship indicators programme (from 2008 onwards, NACE Rev. 2)

The number of young companies with high growth and gazelle, is generally low in all countries. Category gazelle holds the country an average share of 15-20% of the total number of enterprises with high growth.

EIP system indicators have not experienced the same level of development in all countries. Thus, between a country's level of entrepreneurship and its level of economic development there is a direct correlation (Figure no. 2.).

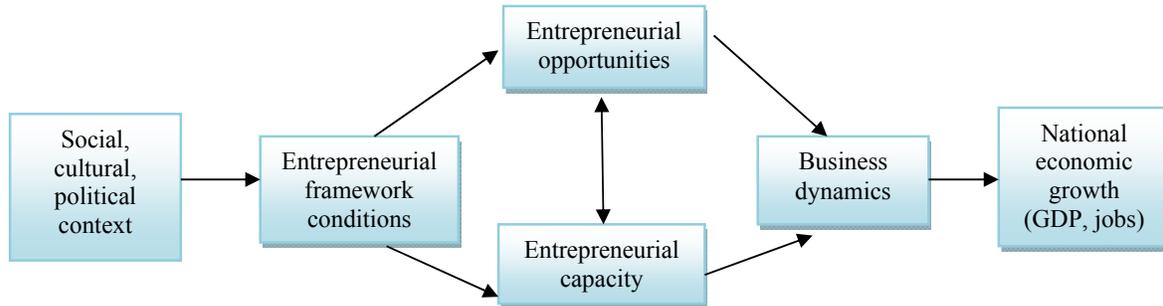


Figure no. 2. The place of entrepreneurship in ensuring economic growth

Source: Global Entrepreneurship Monitor 2014 Global Report

3. Social values and entrepreneurship

According Global Entrepreneurship Monitor (GEM) 2014, since 2008, the European Union economies are grouped by geographic region and economic development level [5] so:

- ✓ efficiency-driven economies: Croatia, Hungary, Lithuania, Poland, Romania;
- ✓ innovation-driven economies: Austria, Belgium, Denmark, Estonia, Finland, France, Germany, Greece, Ireland, Italy, Lithuania, Luxembourg, Netherlands, Portugal, Slovenia, Slovakia, Spain, Sweden, United Kingdom.

The profiles of these economies in 2014 is given by the social value and entrepreneurship. The social value entrepreneurship has an important role. The GEM study, the social value is analyzed from three points of view:

- ✓ if most people consider starting a new business a desirable career choice;
- ✓ if those individuals who are successful at starting a new business enjoy a high level of status and respect in the society;
- ✓ if media attention to entrepreneurship (by promoting successful ventures) contribute or not to develop an entrepreneurial culture in a country.

The perceptions related to three points of view are presented in Table no. 3.

Perception of social values toward entrepreneurship in the European Union in 2014
(% of population aged 18-64)

Table no. 3.

GEO/Percepții	Entrepreneurship as a good career choice	High status to successful entrepreneurs	Media attention for entrepreneurship
Belgium	52.4	51.7	50.8
Croatia	63.3	46.6	40.4
Estonia	55.6	64.9	43.3
Finland	41.2	84.4	66.9
France	59.0	70.4	39.0
Germany	51.7	79.1	51.4
Greece	58.4	66.4	45.8
Hungary	47.4	72.4	33.5
Ireland	49.4	76.9	75.7
Italy	65.1	72.1	48.3
Lithuania	68.8	58.3	55.1
Luxembourg	40.7	68.2	43.5
Netherlands	79.1	67.8	55.7
Poland	63.3	56.5	54.5
Portugal	62.2	62.9	69.7

GEO/Percepții	Entrepreneurship as a good career choice	High status to successful entrepreneurs	Media attention for entrepreneurship
Romania	73.6	75.2	71.3
Slovakia	45.4	58.1	52.6
Slovenia	53.4	72.3	57.6
Spain	53.9	49.0	46.3
Sweden	51.6	70.9	60.3
United Kingdom	60.3	75.0	58.4
Media neponderată	56.9	66.6	53.3

Source: Global Entrepreneurship Monitor (GEM) 2014

It may be noted that countries with efficiency-driven economies, the share of people who believe that entrepreneurship as a good career choice is greater than in countries with innovation-driven economies.

In building an entrepreneurial culture, education and media play an important role, especially with regard to youth education. If a country wants to be more proactive in developing an entrepreneurial culture, must implement policies and programs consistent restructuring of the education system, to providing entrepreneurial skills, as a kind of transversal competences for everyone (if such powers defined in the broadest sense as proactivity, innovation, responsibility for their own choices).

4. Entrepreneurship education in the European Union

The entrepreneurship education is a topic of great interest for the European Union is supported by policies developed in the last decade. The adult education, in all its components, is one of the priority policies of the European Commission in the field of education, considered factor for competitiveness and employment, social inclusion and personal development anywhere in Europe. The lifelong education covers all types of training through education and training, while respecting equal opportunities by providing opportunities for all, including disadvantaged population [6].

In Europe, an important role in entrepreneurship education lies with organizations and institutions (governments, associations, consumers, trade unions, etc.), entrepreneurial activity is still not considered as career option for most people. Therefore, it is difficult the transformation of the European company in one of the most dynamic in the world in terms of entrepreneurial education. It is necessary to transform the entire educational system - from education to the upper primary, long-term results are visible. Entrepreneurship is an essential vector of growth and job creation [7]: it creates new businesses and jobs, open new markets and stimulates new skills and capacities [8].

Europe needs more entrepreneurs, more firms, and more jobs. New companies are the main source for new jobs. In Europe, they are created 4,1 million jobs only for business start-ups. It is estimated that the average employment rate would be negative in the absence of jobs created by startups. There is a risk that the present period of global economic turbulence, many companies can not survive unless institutional support growth and business development [3].

However, setting in motion the mechanisms of recovery was hesitant: since 2004 the number of people who prefer independent activities instead of an activity as an employee fell in 23 of the member states of the European Union. Countries where the preference for self-employment was an increasing trend between 2004 and 2012 were Czech Republic (from 30% to 34%), Latvia (from 42% to 49%), Lithuania (from 52% to 58%) and Slovakia (30% to 33%) [9]. While three years ago, 45% of Europeans prefer independent activities, this percentage has now dropped to 37% [10].

On the basis of regulatory systems in Europe is the model of social economy. It promotes profit-oriented economic activity, while social and environmental responsibility. Being identified and promoted in the early 2000s, the European social model has become the official project of the European Union, reiterated the Lisbon Agenda as a solution for development and increasing employment in Europe. Strategic objectives regarding the development of the European economy, so as to become the most competitive knowledge-based economy, were taken in the EU 2020 strategy for smart, sustainable and inclusive society.

The basics of the European model of development are [11]:

✓ *Trade*. Strong economies and the poorest in the European Union are much more integrated than any other part of the world, resulting in faster convergence in living standards compared with the revenues.

✓ *Finances*. Europe is the only region where private capital in all its forms - foreign direct investment, financial and non-financial flows within the meaning of the "top-down" from richer countries to poorer and low-growing economies in the fast growing.

✓ *Enterprise*. Private initiative is focused on profits, but also bear greater responsibility for social and environmental consequences, than in any part of the world.

✓ *Innovation*. Research & Development (R & D) and higher education in the world recognized the effect of "spillover" of the economy (from economics to public intervention) are considered in Europe as primarily the responsibility of the state.

✓ *Work.* Employees in Europe enjoy the best protection against abuse policy employers, pay, job security, unemployment insurance, layoffs, retirement and more.

✓ *Governance.* The European Union national governments are redistributive and supranational coordinating the most advanced in the world.

The European Union enlargement and the creation of the internal market based on the principle of free movement of goods, services, capital and labor have enhanced the favorable position of European businesses in world competitiveness landscape. Europe exported goods and services worth more than 40% of GDP, much higher than the average of Organization for Economic, Cooperation and Development (OECD).

5. Conclusion

Supporting entrepreneurship has become a priority in recent years and is seen as a solution to the crisis and halt unemployment. In this context, characterized by certain limitations, but also a number of opportunities, entrepreneurs and businesses are able to meet many expectations. The expectations from the company are that companies create jobs and protect the environment, stakeholders seek to make profits, while governments are concerned that they pay taxes and social contributions or generate export.

The state should support the creation of companies, any economic system based on complex rules and programs to boost entrepreneurship; business friendly infrastructure, based on laws that prevent monopolies and unfair competition.

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