

EMPIRICAL ANALYSIS OF THE ENTREPRENEURIAL ENVIRONMENT AT REGIONAL LEVEL IN ROMANIA. CASE STUDY: THE REGION OF SOUTH-WEST OLTENIA

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Abstract

The present study is a descriptive statistic of the regional entrepreneurial environment in Romania, focusing on South-West Oltenia, with the aim that surprised the level of entrepreneurship in this area. In this study we considered the demographic analysis of active enterprises at the 8 development regions of Romania, the survival rate of enterprises, the competitiveness, and profile of the entrepreneur. The period under review is 2008-2014, and the main sources of information were the databases of the National Institute of Statistics and the National Trade Register Office.

Key Words: *entrepreneur, active enterprises, statistics, Romania*

Classification JEL: *L26, L20, C10*

1. INTRODUCTION

Entrepreneurship, namely the establishment and development of SMEs form the basis for socio-economic development in ensuring sustainability. A positive trend in the number of new registrations firms contribute significantly to regional economic vitality and are an important signal of a dynamic economy. Considering these aspects, one of the EU's objectives is to create conditions for the development of innovative practices that lead to the establishment and development of SMEs.

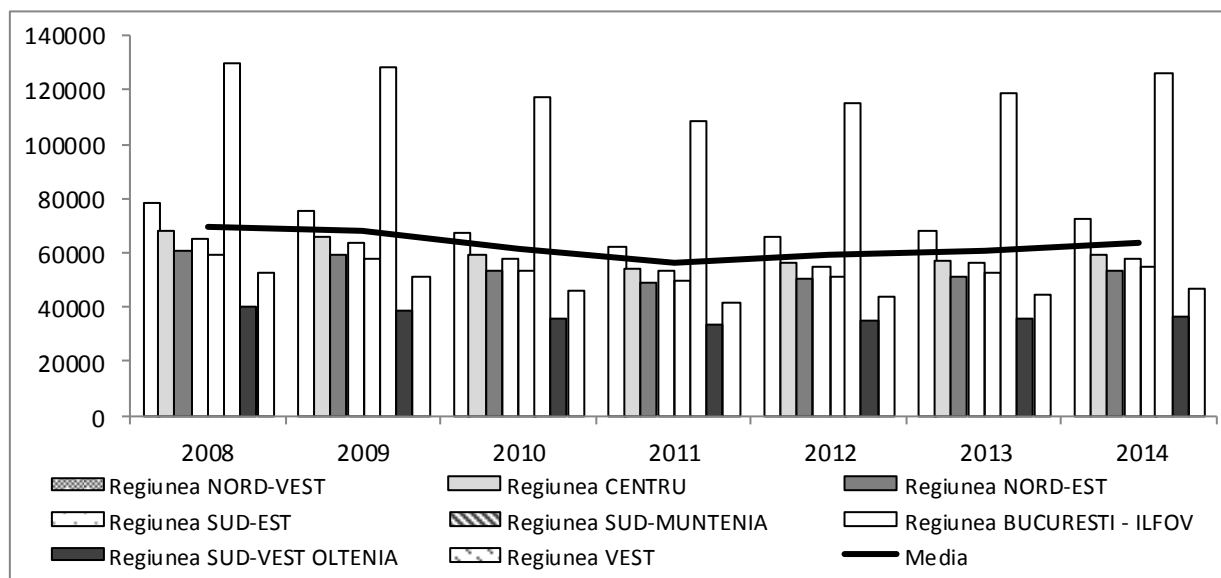
Many studies show that in regions where there are higher levels of entrepreneurial activity shows stronger growth in labor productivity [1-2], and a higher entry rate of new enterprises can stimulate competition and growth [3].

Formation of new businesses is an important factor of regional economic welfare [4] and entrepreneurship should be encouraged through appropriate policies that take into account the particularities of each country or region [5].

This empirical research aims to draw attention to existing entrepreneurial potential in South-West Oltenia and to sensitize the people who can make a contribution to designing ecosystems that support entrepreneurship in this area.

2. THE DEMOGRAPHIC ANALYSIS OF THE COMPANIES THAT OPERATING IN THE 8 REGIONS OF DEVELOPMENT IN ROMANIA

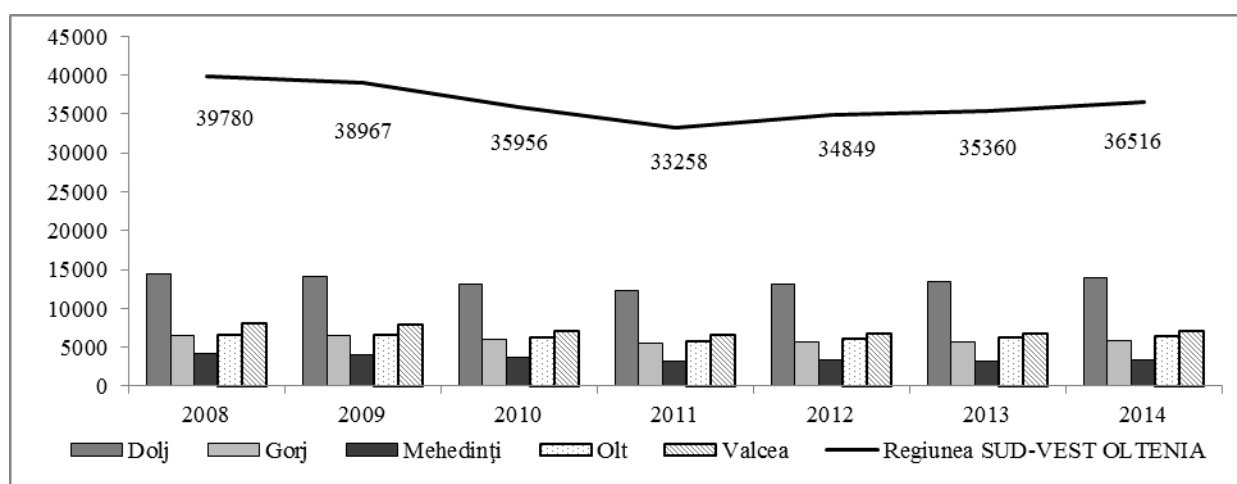
In the graph below we have captured the demographic development of companies' populations during 2008 - 2014 in the development regions of Romania, in order to highlight the position of the South-West Oltenia both the national average and to other regions.



The number of active enterprises in the regions of Romania during 2008-2014

Source: National Institute of Statistics

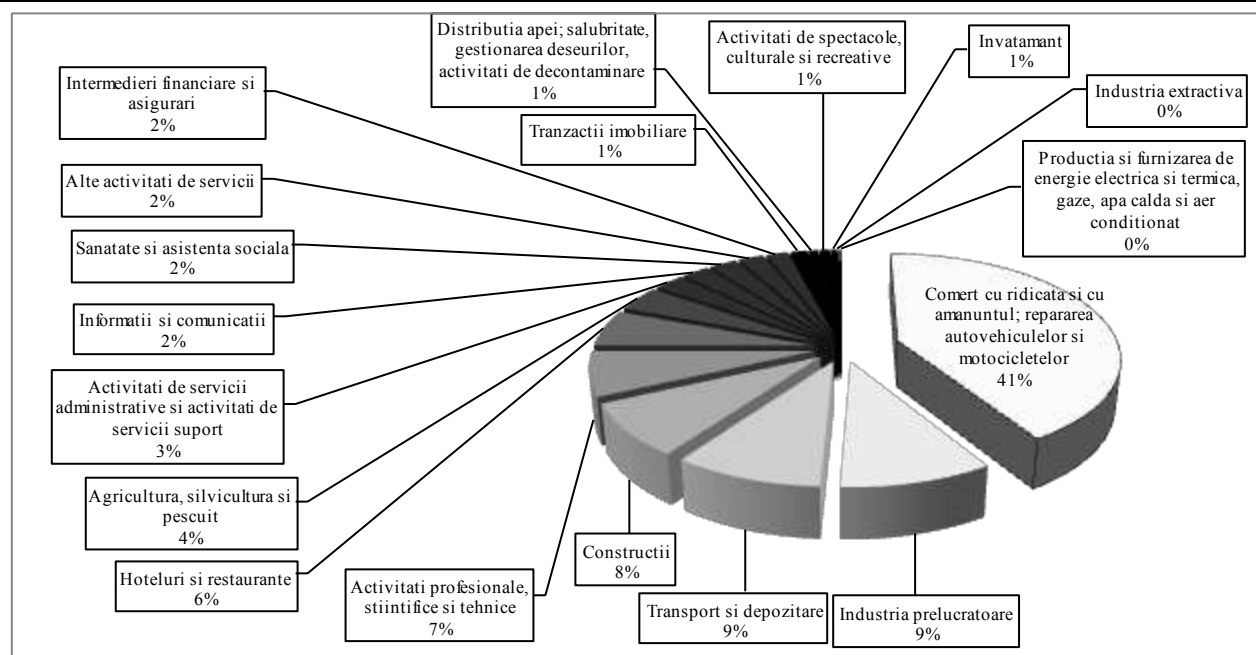
Analyzing the number of active enterprises in the regions of the country can see that the Bucharest Ilfov region is first at a distance over 50% from the average. At the opposite pole is South West Oltenia. Share of enterprises existing assets in South-West Oltenia region represents approximately 7% of all businesses active in the country, 2% less than those in the West region and 17% compared to the most developed region of the country, Bucharest-Ilfov region.



Demographic analysis of active enterprises in Region SW Oltenia

Source: National Institute of Statistics

From the graph above we can see that the number of active enterprises in 2008 in the South-West Oltenia was 39.780. The trend has been decreasing slightly (this trend can be seen throughout the country) until 2011 when 33 258 enterprises were active in the region. Thereafter the number of active enterprises began to grow in 2014 but has not reached the number in 2008. The largest number of companies that was active in 2014 registered in Dolj (38.28 %) followed by Valcea (19.06%), Olt (17.37%), Gorj (16.21%) and Mehedinți (9.08%).



Distribution companies in South-West Oltenia in 2014 on activities

Source: National Institute of Statistics

In 2014, the main activity of enterprises active in the South West Oltenia it was wholesale and retail trade and repair of motor vehicles including motorcycles. The share of these enterprises was 41% of all active enterprises. In last place are companies that have engaged in the production and supply of electricity, gas, steam and air conditioning with a percentage of 0.13% of the total existing companies operating in the South-West Oltenia in 2014.

Evolution of the registrations for individuals and legal entities that have conducted business in the period January 2008 to July 2016

Perioada	Indicatori	Regiunea de dezvoltare								Total
		NE	SE	S-Muntenia	SV Oltenia	V	NV	Centru	București - Ilfov	
01.01.2008-31.12.2008	Numar	18379	18388	17662	9162	13026	17028	20564	30030	144239
	Ierarhizare	4	3	5	8	7	6	2	1	
01.01.2009-31.12.2009	Numar	15320	13762	14739	7554	10557	13860	15585	20455	111832
	Ierarhizare	3	6	4	8	7	5	2	1	
	Dinamica față de anul anterior	-16,64%	-25,16%	-16,55%	-17,55%	-18,95%	-18,60%	-24,21%	-31,88%	-22,47%
01.01.2010-31.12.2010	Numar	15136	14804	15271	9020	10695	15859	17159	21104	119048
	Ierarhizare	5	6	4	8	7	3	2	1	
	Dinamica față de anul anterior	-1,20%	7,57%	3,61%	19,41%	1,31%	14,42%	10,10%	3,17%	6,45%
01.01.2011-31.12.2011	Numar	17085	15415	16270	11831	12229	20053	15265	23921	132069
	Ierarhizare	3	5	4	8	7	2	6	1	
	Dinamica față de anul anterior	12,88%	4,13%	6,54%	31,16%	14,34%	26,45%	-11,04%	13,35%	10,94%
01.01.2012-31.12.2012	Numar	15555	13569	14549	13096	11624	20274	14175	22761	125603
	Ierarhizare	3	6	4	7	8	2	5	1	
	Dinamica față de anul anterior	-8,96%	-11,98%	-10,58%	10,69%	-4,95%	1,10%	-7,14%	-4,85%	-4,90%
01.01.2013-31.12.2013	Numar	15605	13321	14384	11703	11999	20608	14026	23170	124816
	Ierarhizare	3	6	4	8	7	2	5	1	
	Dinamica față de anul anterior	0,32%	-1,83%	-1,13%	-10,64%	3,23%	1,65%	-1,05%	1,80%	-0,63%
01.01.2014-31.12.2014	Numar	11875	10958	11571	7481	9789	16092	11337	22524	101627
	Ierarhizare	3	6	4	8	7	2	5	1	
	Dinamica față de anul anterior	-23,90%	-17,74%	-19,56%	-36,08%	-18,42%	-21,91%	-19,17%	-2,79%	-18,58%
01.01.2015-31.12.2015	Numar	13645	12939	12852	9442	10451	17187	12801	23850	113167
	Ierarhizare	3	4	5	8	7	2	6	1	
	Dinamica față de anul anterior	14,91%	18,08%	11,07%	26,21%	6,76%	6,80%	12,91%	5,89%	11,36%
01.01.2016-31.07.2016	Numar	7809	7848	8344	6189	6804	10612	7428	13651	68685
	Ierarhizare	5	4	3	8	7	2	6	1	

Source: National Office of Trade Registry

From statistical data taken from the Register of Commerce and processed in the above table it can be seen that in the period under review South-West Oltenia region ranks last in the number of registrations of individuals and legal persons carrying out economic activities. The largest share is held by a limited liability company, followed by individuals and individual enterprises.

In 2008, South-West Oltenia ranks 8 with a a number of 9162 registration at a distance of 3.86 registrations to 7th place that incumbent to the Western region, and 20868 registrations to 1st place occupied by Bucharest-Ilfov region. With this value the region has held a share of 6.35% of all individuals and legal persons registered at the country level in 2008.

The year 2009 was characterized by a negative trend in the number of registrations in all regions; the decline was whit 22.47% compared to 2008. This time the South-West Oltenia region ranks last in the country in terms business development through registration of individuals and businesses that target the development of the region economically. Thus the number of registrations was down compared to the previous year by 17.55%.

With 7554 registrations recorded in 2009, the region has a rate of 6.76% of all individuals and legal persons registered 0.41 percent increase over the previous year. Although in 2010 the number of registrations increased by 19.41% compared to 2009, the South-West Oltenia region still lies in 8th place with 11831 registrations by individuals and legal entities carrying out economic activities, representing 7.57% of total registrations recorded this year.

The growth continued in 2011, but the region has failed to rank higher in the rankings, only in 2012 with a number of 13096 registrations managed to occupy 7th place, followed by the West region. The place has not been maintained for a long time, because in 2013 with a decrease of 10.64% the region returned back in 8th place. Year 2014 was unfavorable to the whole country and especially for the South-West Oltenia, when the decrease was 36.08% over the previous year. Last place in the ranking was maintained in 2015 and the first half of 2016.

The number of radiated during the period January 2008 to July 2016

Perioada	Indicatori	Regiunea de dezvoltare							
		NE	SE	S - Muntenia	SV-Oltenia	V	NV	Centru	București - Ilfov
01.01.2008- 31.12.2008	Număr	2628	2803	2568	1318	1713	2128	3233	1285
	Raport radieri/înmatriculări	0,14	0,15	0,15	0,14	0,13	0,12	0,16	0,04
	Ierarhizare în funcție de raport	4	7	6	5	3	2	8	1
01.01.2009- 31.12.2009	Număr	6408	6719	6327	2833	4050	5577	6930	4869
	Raport radieri/înmatriculări	0,42	0,49	0,43	0,38	0,38	0,40	0,44	0,24
	Ierarhizare în funcție de raport	5	8	6	2	3	4	7	1
01.01.2010- 31.12.2010	Număr	28524	26561	26609	11899	17391	28307	26920	19933
	Raport radieri/înmatriculări	1,88	1,79	1,74	1,32	1,63	1,78	1,57	0,94
	Ierarhizare în funcție de raport	8	7	5	2	4	6	3	1
01.01.2011- 31.12.2011	Număr	9433	9322	7319	5595	5732	10093	8821	16929
	Raport radieri/înmatriculări	0,55	0,60	0,45	0,47	0,47	0,50	0,58	0,71
	Ierarhizare în funcție de raport	5	7	1	3	2	4	6	8
01.01.2012- 31.12.2012	Număr	10287	9192	9036	4942	6184	10873	8790	12442
	Raport radieri/înmatriculări	0,66	0,68	0,62	0,38	0,53	0,54	0,62	0,55
	Ierarhizare în funcție de raport	7	8	6	1	2	3	5	4
01.01.2013- 31.12.2013	Număr	11300	11141	9673	6575	7023	11905	10178	12991
	Raport radieri/înmatriculări	0,72	0,84	0,67	0,56	0,59	0,58	0,73	0,56
	Ierarhizare în funcție de raport	6	8	5	2	4	3	7	1
01.01.2014- 31.12.2014	Număr	9742	9623	9028	6897	7238	11287	10061	12607
	Raport radieri/înmatriculări	0,82	0,88	0,78	0,92	0,74	0,70	0,89	0,56
	Ierarhizare în funcție de raport	5	6	4	8	3	2	7	1
01.01.2015- 31.12.2015	Număr	11978	10033	10161	9455	8199	13012	12224	19312
	Raport radieri/înmatriculări	0,88	0,78	0,79	1,00	0,78	0,76	0,95	0,81
	Ierarhizare în funcție de raport	6	2	4	8	3	1	7	5
01.01.2016- 31.07.2016	Număr	9274	7257	8013	6365	6543	10442	9154	15882
	Raport radieri/înmatriculări	1,19	0,92	0,96	1,03	0,96	0,98	1,23	1,16
	Ierarhizare în funcție de raport	7	1	2	5	3	4	8	6

Source: National Office of Trade Registry

The situation regarding the number of businesses radiated from January 2008 to July 2016 is shown in the table above, where it can be seen that in 2008 the indicator ranks the South-West Oltenia on 5th place, with a report 0.14 radiated/registratied. The region with the fewest radiated occupying the 1st place in the ranking is Bucharest-Ilfov with a number of 1285 businesses radiated and with a ratio of 0.04. In 2009, South-West Oltenia region ranks second after Bucharest-Ilfov in terms of the ratio radiated- registratied enterprises with a value of 0.38. With a report on the rise whose value is 1.32 in 2010, the region retains second place in the hierarchy, instead removals achieved in 2011 relative to registrations situated the South-West Oltenia region on 3rd place in the rankings after the West region. In 2012, with a decreasing number of 4942 enterprises and radiated performance ratio 0.38 South-West Oltenia lies placing first among the regions of the country. Next year the region was placed 2nd, a position that has not been maintained for long, because in the coming years relative to the large number of registrations radiated placed it last in the ranking.

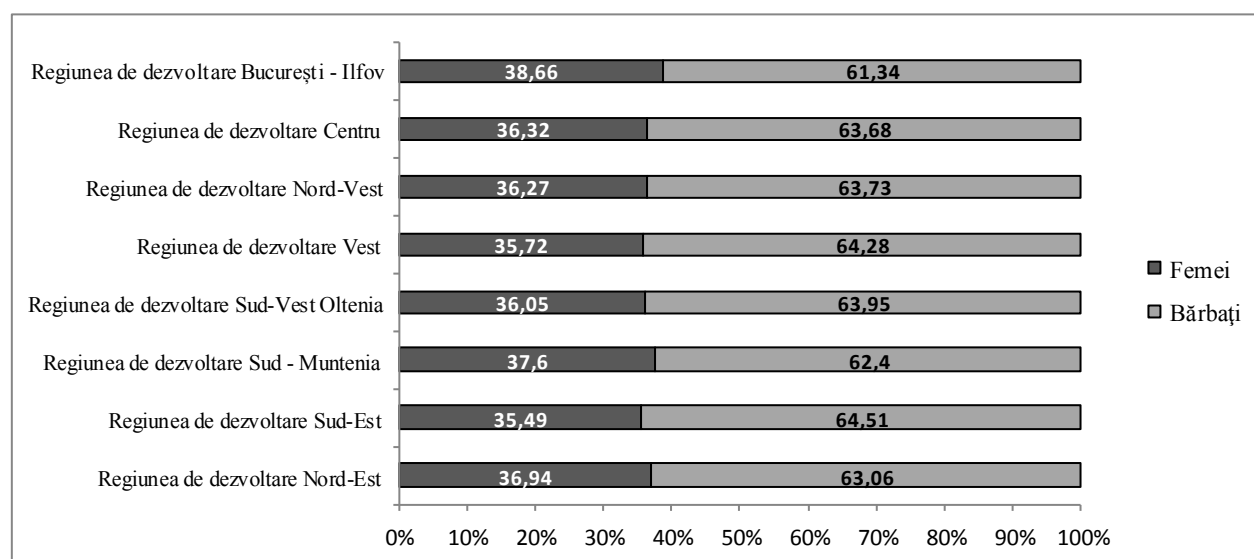
3. ANALYSIS OF THE ENTREPRENEURS PROFILE

In the following we intend to identify a profile of entrepreneur characteristics in terms of sex and age, these features can be used in policy making social, demographic and economic.

Distribution of entrepreneurs by gender variable in 2014 by region

Regiuni	Nr. persoane juridice active	Nr. asociati/ actionari persoane fizice	Distributia asociati/ actionari pe sexe			
			Femei		Barbati	
			Nr.	%	Nr.	%
Regiunea de dezvoltare Nord-Est	71005	108431	40057	36,94	68374	63,06
Regiunea de dezvoltare Sud-Est	308778	479250	170085	35,49	309165	64,51
Regiunea de dezvoltare Sud - Muntenia	78139	120174	45182	37,60	74992	62,40
Regiunea de dezvoltare Sud-Vest Oltenia	48044	73728	26576	36,05	47152	63,95
Regiunea de dezvoltare Vest	39949	63781	22781	35,72	41000	64,28
Regiunea de dezvoltare Nord-Vest	106373	167355	60700	36,27	106655	63,73
Regiunea de dezvoltare Centru	803541	1242196	451117	36,32	791079	63,68
Regiunea de dezvoltare București - Ilfov	31860	48649	18806	38,66	29843	61,34
TOTAL	1487689	2303564	835304	36,26	1468260	63,74

Source: National Office of Trade Registry



Distribution of entrepreneurs by gender variable in 2014 by region

Source: National Office of Trade Registry

Distribution of entrepreneurs by gender shows that the share of men is mostly higher in all developing regions. The share of women entrepreneurs in Region South-West Oltenia was in 2014 of 36.05% and the national average of 36.26%.

In Region South-West Oltenia, the number of men entrepreneurs is 1.77 times higher than the number of female entrepreneurs.

These proportions do not match with the population distribution of the South-West Oltenia region by participation in economic activity by sex, respective the percentage of women involved in the sphere of entrepreneurship it is much lower than the number of women economically active population (58.4%) and the number of employed (55.3%).

Population by participation in economic activity in South-West Oltenia in 2014 by the sex and area of residence

		Rata de activitate (%)	Rata de ocupare (%)	Rata șomajului (%)
Total		66,8	62,1	6,5
Pe sexe	Masculin	74,9	68,6	7,9
	Feminin	58,4	55,3	4,7
Pe medii	Urban	62,2	56,9	8,5
	Rural	71,3	67,3	5,0

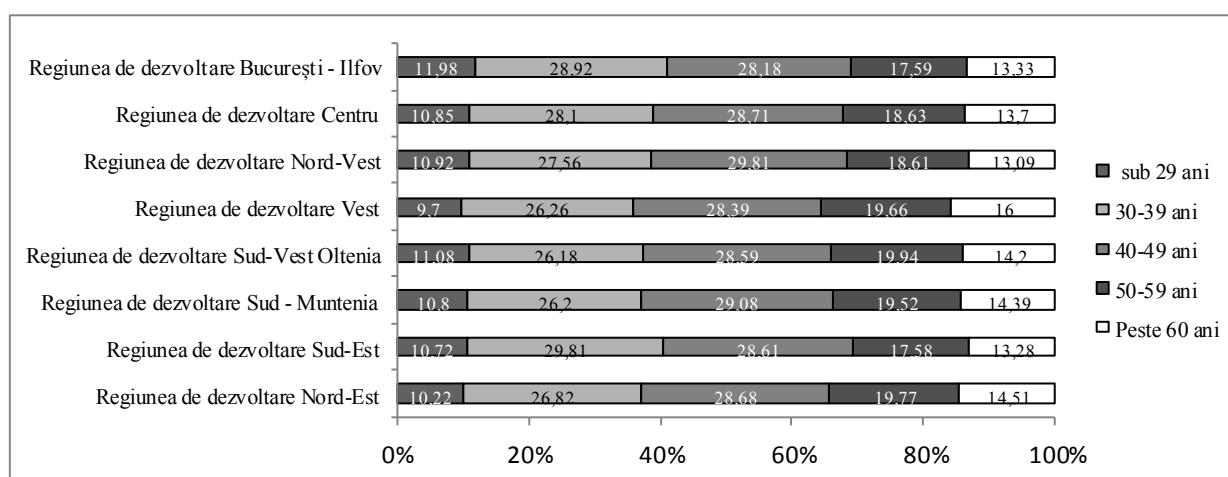
Source: National Office of Trade Registry

Entrepreneurs according to the age distribution are shown in the table below.

Entrepreneurs according to the age distribution in 2014 by region

Regiuni	Vârsta									
	Pana la 29 ani		30-39 ani		40-49 ani		50-59 ani		Peste 60 ani	
	Nr.	%	Nr.	%	Nr.	%	Nr.	%	Nr.	%
Regiunea de dezvoltare Nord-Est	11078	10,22	29084	26,82	31102	28,68	21434	19,77	15733	14,51
Regiunea de dezvoltare Sud-Est	51373	10,72	142861	29,81	137121	28,61	84250	17,58	63645	13,28
Regiunea de dezvoltare Sud - Muntenia	12981	10,80	31491	26,20	34949	29,08	23457	19,52	17296	14,39
Regiunea de dezvoltare Sud-Vest Oltenia	8170	11,08	19300	26,18	21080	28,59	14705	19,94	10473	14,20
Regiunea de dezvoltare Vest	6185	9,70	16746	26,26	18106	28,39	12538	19,66	10206	16,00
Regiunea de dezvoltare Nord-Vest	18280	10,92	46127	27,56	49889	29,81	31144	18,61	21915	13,09
Regiunea de dezvoltare Centru	134831	10,85	349061	28,10	356685	28,71	231434	18,63	170185	13,70
Regiunea de dezvoltare București - Ilfov	5828	11,98	14070	28,92	13710	28,18	8555	17,59	6486	13,33
TOTAL	248726	10,80	648740	28,16	662642	28,77	427517	18,56	315939	13,72

Source: National Office of Trade Registry



Entrepreneurs according to the age distribution in 2014 by region

Source: National Office of Trade Registry

Analysis of entrepreneurs according to the age distribution shows that the largest share of entrepreneurs consists of two age groups - 30 to 39 years (26.18% in the SV Oltenia, namely 28,16% national average) and 40-49 years (26.18% in the SV Oltenia, namely 28.77% national average). Group of young people with the greatest potential (under 29 years) is only 11.08% in the SV Oltenia, namely 10.80% average.

In conclusion, profile entrepreneur in SV Oltenia region reflects a male person aged 30-49 years.

4. CONCLUSIONS

Statistical analyzes show that South-West Oltenia has the lowest number of active enterprises in the country and the number of registrations is also small. Thus, we can conclude that in the South-West Oltenia is a potential for a default support entrepreneurship and economic growth of the area.

Results from profile analysis shows that for young entrepreneurs, currently financial and administrative barriers hinder their involvement in entrepreneurial activities. In support of this conclusion come and the information provided by Global Entrepreneurship Monitor (<http://www.gemconsortium.org/country-profile/103>) and the European Commission showing that Romania is the first country in the European Union in terms of entrepreneurial intentions 27% of Romanian saying they would start off on their own. The percentage is more than double the average in the European Union.

Given the development needs in the South-West Oltenia, policy makers must find the optimal solutions to solve them, so by supporting and developing a competitive business environment to create jobs, added value and to promote sustainable development.

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