

ROMANIAN YOUNG ENTREPRENEURS FEATURES: AN EMPIRICAL SURVEY

Sebastian Ion Ceptureanu

Management Department, Faculty of Management, Bucharest University of Economic Studies, Bucharest, Romania
ceptureanu@yahoo.com

ABSTRACT: *There are many studies linking entrepreneurship and economic development. For specialists and public decision makers, developing entrepreneurship seems to be an easy policy action, even though actions and results are rather debatable. Unfortunately the relevant literature is not so generous concerning youth entrepreneurship. Youth is one of the most vulnerable groups in society, especially in the current economic and demographic situation in European Union and worldwide. At the same time, youth is the period when most people engage in their first job, are gaining financial independence and are assuming new responsibilities and roles shaping their identity. With respect to this, starting their own business is a natural choice for many young people. When considering entrepreneurial potential of young Romanians, there is almost not any data available. This paper aims to disseminate the results of a survey focused on young entrepreneurs, designed to fill the gap in the literature about Romanian young entrepreneurs' features. The empirical study was divided in five parts: A. Personality of young entrepreneurs, highlighting the main features of behaviour and personality of young entrepreneurs. B. Professional background, focusing on young entrepreneurs' background and how it influences their interest and performance improvement. C. Risk and crisis acceptance, highlighting the ability of young entrepreneurs to deal with critical situations. D. Business and business environment, focusing on internal and environmental aspects of the business. E. Social - cultural attitude, highlighting the attitude of society (incentives and disincentives) to entrepreneurial initiatives of young people. This are excerpts of results from the first part, regarding personality of Romanian young entrepreneurs, concerning issues like level of independence, capacity for innovation, self-confidence, decision making process, level of persistence flexibility of young entrepreneurs, opportunities, energetic capability, social goals, entrepreneurial incentives or entrepreneurial determinants. In the end, we highlight the main characteristic of young entrepreneurs, as they occurred according to survey.*

Keywords: youth, entrepreneurship, Romanian young entrepreneurs

JEL classification: M10, L26, M13

1. Introduction

Entrepreneurship is a source of innovation and change, and therefore stimulates increased productivity and economic competitiveness (Ceptureanu, 2009). It is closely related to knowledge and flexibility, two factors that have gained a new significance as a source of competitiveness in an increasingly globalized economy. With changes in technology and increased global competition the hypothesis that by encouraging entrepreneurial spirit means encouraging the competitiveness of a country, it seems more valid today than ever (Ceptureanu, 2012). A contemporary perspective on entrepreneurship offers Vesper (Ceptureanu, 2012), which states that "the general area of entrepreneurship is defined in a superficial way as the creation of new businesses by individuals and small groups of individuals". The concept of entrepreneur means a person who carries out an activity that takes place for a long time and peaked in the last decades of the nineteenth century and

the first decades of the twentieth century in all countries developed world that have not suffered influence of communism. The entrepreneur is therefore one that establishes a business, who has entrepreneurial initiative, one that creates a private company, firm, small or medium sized organization, in order to achieve personal goals. Becoming the owner of a profitable business is certainly guarantee a high income, an enviable social status and esteem of others, but for many professionals, these are the first motivations of entrepreneurs (Ceptureanu, 2012).

Entrepreneurship occurs at significantly higher rates than at any time in the last 100 years (Gartner & Shane, 1995). From the research perspective, there are numerous studies investigating business start-up from both sides, supply and demand. The supply-side school concentrates on the characteristics of entrepreneurs. The demand -side school focuses on the environmental basis of organization formation. Many researchers try to identify personal characteristics distinguishing entrepreneurs and non-entrepreneurs (Bolton & Thompson, 2004; Shane, 2003; McClelland, 1961). As entrepreneurship has a significant contribution to the economy through creating jobs and income, it should be fostered and developed.

It is now widely accepted that there are many reasons to foster entrepreneurship among young people. While we do not agree that entrepreneurship is a 'mass' or wide-ranging solution which can solve economy and social problems, many specialists such as Curtin (Curtin, 2000) consider it has significant benefits.

Romania has 5.628.758 young individuals in 18-35 years old interval, according to the last national census. Unfortunately, not many decide to become an entrepreneur.

According to National Trade Register Office, for 2013-2014 period the situation of young entrepreneurs, by county and considering number of associates/shareholders for legal persons and proprietors/member for self-employed, sole proprietorships and sole partnerships, is the following:

2. Methodology

To get valid information regarding Romanian young entrepreneurs, we have designed a questionnaire following a common practice methodology: research design; the investigation; measurement variables; analysis, processing and interpretation of data; drawing conclusions.

a) Questionnaire. The questionnaire was structured to allow getting relevant information about young entrepreneurs and their profile. It met with the general rules of questionnaire theory regarding: presentation, sequencing of questions, the difficulty etc. The questions were divided into five thematic modules:

A. *Personality of young entrepreneurs*, with a total of 12 questions, highlighting the main features of behaviour and personality of young entrepreneurs.

B. *Professional background*, with a total of nine questions, focusing on young entrepreneurs' background and how it influences their interest and performance improvement.

County	2014			2013			2014			2013		
	Number of active legal persons	Distribution of associates/shareholders according to age		Number of active legal persons	Distribution of associates/shareholders according to age		No. of active self-employed, sole proprietorships and sole partnerships	Distribution of proprietors/members according to age		No. of active self-employed, sole proprietorships and sole partnerships	Distribution of proprietors/members according to age	
		Less than 29 years old	30-39 years old		Less than 29 years old	30-39 years old		Less than 29 years old	30-39 years old		Less than 29 years old	30-39 years old
Alba	10.763	2.064	5.228	10.661	2.257	5.379	11.952	2.493	3.398	11.565	2.630	3.537
Arad	15.030	2.330	6.268	14.626	2.446	6.362	10.463	1.767	2.916	9.171	1.739	2.893
Argeş	21.132	3.322	8.714	19.666	3.431	8.677	11.047	1.760	3.256	9.985	1.796	3.234
Bacău	15.383	2.599	6.306	14.983	2.785	6.353	10.652	1.780	3.133	9.009	1.856	3.134
Bihor	25.104	4.150	10.811	24.480	4.299	11.274	14.749	3.111	4.652	13.516	3.044	4.555
Bistriţa-Năsăud	7.953	1.479	3.333	7.654	1.498	3.376	9.297	1.739	2.596	8.412	1.807	2.734
Botoşani	6.354	936	2.431	6.197	1.015	2.559	7.480	1.208	2.153	6.955	1.280	2.290
Braşov	24.826	3.413	10.955	23.952	3.570	10.946	9.885	1.512	3.066	8.916	1.494	2.862
Brăila	8.892	1.267	3.235	8.860	1.344	3.457	5.867	810	1.638	5.130	792	1.630
Bucureşti	181.861	30.086	86.240	174.328	31.359	86.268	31.705	4.690	10.858	27.871	4.447	9.911
Buzău	12.150	1.702	4.300	11.886	1.846	4.369	6.748	1.062	1.827	6.130	1.026	1.794
Caraş-Severin	7.277	1.316	2.945	7.279	1.394	3.090	5.380	911	1.515	4.843	948	1.527
Calăraşi	6.340	1.056	2.298	6.163	1.086	2.316	4.374	765	1.210	3.743	739	1.137
Cluj	38.779	7.208	18.021	36.315	6.903	17.458	17.880	3.173	5.549	16.281	3.045	5.186
Constanţa	30.740	5.734	13.602	29.759	5.974	13.476	11.119	1.741	3.019	10.038	1.749	3.020
Covasna	4.824	566	1.938	4.809	615	2.075	4.462	697	1.435	3.869	679	1.407
Dâmboviţa	10.244	1.755	4.413	9.990	1.815	4.480	10.265	2.018	3.185	8.671	2.056	3.167
Dolj	19.531	3.578	8.271	18.806	3.680	8.103	11.547	2.189	3.603	10.257	2.313	3.587
Galaţi	14.745	2.496	6.069	14.354	2.563	6.129	7.839	1.355	2.351	6.610	1.404	2.339
Giurgiu	6.628	1.386	2.379	6.370	1.388	2.353	2.924	549	759	2.671	532	781
Gorj	7.768	1.402	3.010	7.615	1.462	3.067	6.722	1.501	2.166	6.460	1.589	2.237
Harghita	8.959	1.040	4.071	9.027	1.140	4.388	9.323	1.510	3.266	7.958	1.563	3.373
Hunedoara	13.214	2.265	4.865	12.847	2.368	4.996	8.575	1.292	2.230	7.804	1.353	2.183
Ialomiţa	5.148	913	1.796	5.033	960	1.819	3.909	629	1.069	3.433	628	1.082
Iaşi	22.968	4.561	10.835	21.929	4.824	10.851	15.966	3.359	5.149	13.690	3.443	5.158
Ilfov	26.457	5.175	13.091	24.324	5.033	12.509	5.597	929	2.111	4.638	865	1.817
Maramureş	14.024	2.374	6.018	13.511	2.404	5.998	12.745	2.569	3.791	11.045	2.573	3.709
Mehedinţi	5.201	800	1.884	4.992	884	1.889	7.146	1.279	2.159	7.024	1.424	2.244
Mureş	16.314	2.452	6.947	15.622	2.513	6.966	10.279	1.564	2.962	8.996	1.518	2.848
Neamţ	11.253	1.699	4.304	10.921	1.737	4.318	8.343	1.269	2.228	7.302	1.318	2.204
Olt	9.306	1.553	3.691	8.885	1.603	3.588	7.616	1.318	2.365	6.903	1.396	2.404
Prahova	23.574	3.674	9.626	23.087	3.896	9.890	13.174	2.193	3.749	11.648	2.166	3.547
Satu Mare	9.515	1.626	3.995	9.188	1.674	4.086	7.576	1.291	2.316	6.805	1.337	2.414
Sălaj	5.779	1.047	2.378	5.619	1.076	2.426	6.405	1.481	1.969	5.562	1.442	1.904
Sibiu	14.384	1.934	6.034	13.089	1.980	6.128	8.805	1.379	2.803	7.686	1.411	2.647
Suceava	13.743	2.455	5.715	13.235	2.471	5.670	10.650	2.136	3.201	8.819	2.193	3.239
Teleorman	8.077	1.379	3.147	7.916	1.482	3.170	6.417	1.087	1.843	5.350	1.125	1.916
Timiş	34.688	5.556	15.671	33.368	5.723	15.655	11.759	1.916	3.660	10.361	1.869	3.413
Tulcea	6.074	978	2.260	5.924	1.018	2.316	4.795	894	1.421	4.465	919	1.467
Vaslui	5.895	956	2.186	5.746	1.002	2.131	6.933	1.210	2.003	5.925	1.217	1.997
Vâlcea	9.093	1.532	3.703	8.868	1.533	3.754	7.585	1.280	2.156	6.922	1.296	2.230
Vrancea	7.709	1.098	2.772	7.374	1.098	2.784	6.149	1.020	1.662	5.720	1.054	1.601

C. Risk and crisis acceptance, with a number of 6 questions, highlighting the ability of young entrepreneurs to deal with critical situations.

D. Business and business environment, with a total of 16 questions, focusing on internal and environmental aspects of the business.

E. Social - cultural attitude, which includes five questions, highlighting the attitude of society (incentives and disincentives) to entrepreneurial initiatives of young people.

b) The sample. The analysis was made on a sample of 84 SMEs - micro, small and medium - ran by young entrepreneurs, both women and men, belonging to age groups 18-35 years. The subjects were randomly chosen, according to three criteria: 1) have to be young entrepreneurs (18-25 years old); 2) has to own a young business (no more than 3 years since establishment); 3) has to be willing to participate in the survey.

According to age, 2% of the interviewed entrepreneurs has 18-20 years old, 24% were aged 21-25 years while 26% has 26-30 years. The highest percentage, namely 48%, belongs to 31-35 years old entrepreneurs.

Figure 1: Sample according to age

Figure 2: Sample according to gender

According to gender, 45% of surveyed entrepreneurs are women and 55% men. Although not hold a majority share, women still occupy a large proportion, which means that, in recent years, they are increasingly involved in business.

Considering young SME size, micro companies represent 62% of all SMEs surveyed, small businesses account for 36% and medium sized companies only 2%. This classification was made according to the number of employees declared in the questionnaire, namely: 1-9 employees for micro, 10-49 employees for small and 50-249 employees for large companies.

Figure 3: Sample according to size of young SMEs

Figure 4: Sample according to legal form of young SMEs

Regarding legal form, 78% of companies surveyed are limited liability companies, 12% are joint stock companies and 10% are self-employed, sole proprietorships or sole partnerships. It can be said that the limited liability legal form is preferred by young entrepreneurs, is also the most comfortable for them, because it is more flexible than other

types of companies and more appropriate for a single owner or a small number of members. Considering activity, the structure of the investigated companies is: 25% of companies are operating in services, 29,76% in retail, 10,71% in tourism, 16,67% are operating in industry, 9,52% are active in agriculture, the rest in construction and transportation. We have considered the main activity, and many of the companies surveyed include more fields.

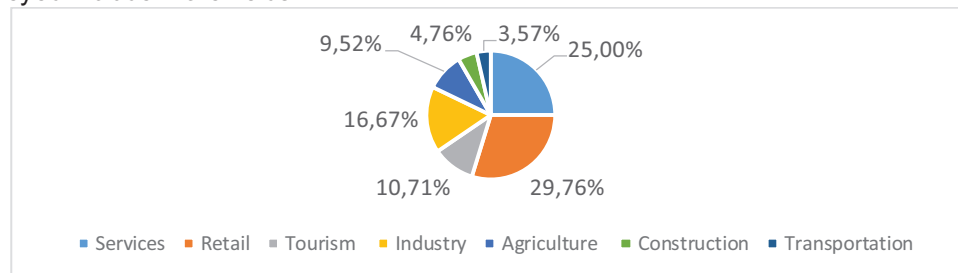


Figure 5: Sample according to main activity of young SMEs

3. Results

A. Personality of young entrepreneurs

The first part of the research targeted the personality of young entrepreneurs.

Regarding their level of independence, 54% of respondents stated that they always do not like to depend on others, 31% of them generally do not like to depend on others, 10% do not mind too much if they depend on other people, while 5% stated they prefer to depend on others. It is encouraging and normal that the majority of young entrepreneurs prefer to be independent, as this is reflected in their own business. Independence makes entrepreneurs more responsible and motivated to succeed. This must be coupled with the relative low experience of young entrepreneurs. On the one hand it is efficient to be independent in running your own business, while in the other hand as a young entrepreneur have to compensate lack of experience by trusting other people.

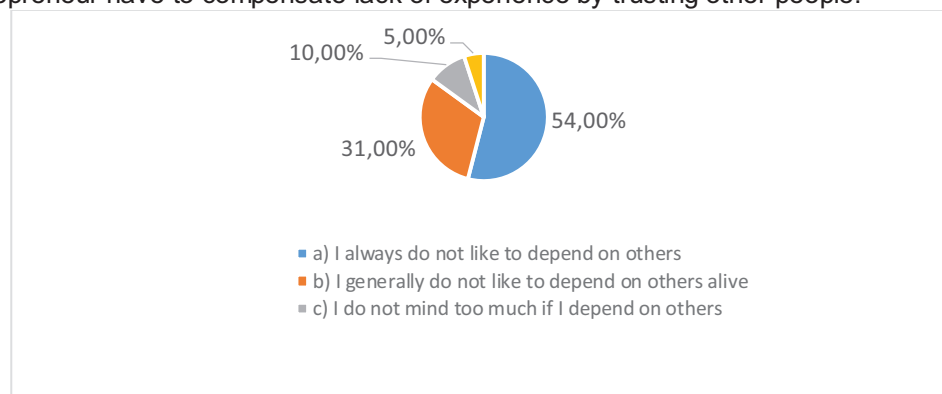


Figure 6: Level of independence

Regarding the innovative capacity of young entrepreneurs, 60% of them stated that they follow consistently to introduce new ideas, 24% generally accept new ideas, 14% do not bother to introduce new ideas only if they have to and only 2% prefer things to remain as they are. Typically, it is absolutely normal that young people are more creative, and more attracted to new things, and these features are intended to be present in the business. According to the survey, the percentage of young entrepreneurs who introduce new ideas is large enough to be confident that innovation is a constant of their business. Of course,

we must corroborate their answer to this question with the sample characteristics, where most of young SMEs investigated were from services or commerce, where innovation is less costly and has greater impact.

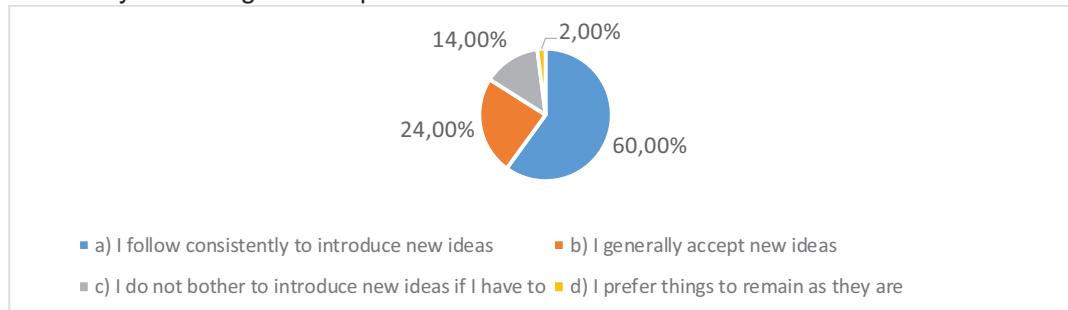


Figure 7: Capacity for innovation

In connection with self-confidence possessed by young entrepreneurs, we have learned that 43% of respondents always have strong self-confidence, 36% of them are generally self-confident, 19% of young entrepreneurs sometimes seek the advice of others and only 2% of them always seek the advice of others when they take action. We consider this to be a positive thing, a fairly large proportion (79%) of young entrepreneurs feeling confident in their own forces. They do not depend on others, are not influenced by external factors. Self-confidence is an important issue for any entrepreneurs, being a characteristic cited by many specialists as one hallmark of an entrepreneur.



Figure 8: Self confidence

Regarding the speed of decision making, only 12% of respondents answered that young entrepreneurs make decision very easy, without spending much time, 24% take relatively easy decisions and more than half of the respondents (55%) think very carefully before taking a decision. 7% of them make decisions relatively hard, spending a lot to think about consequences while 2% are usually undecided and recognize that it is difficult to make decisions. Quite a lot of interviewed young entrepreneurs evaluate their options well before making decisions, which means either that they are not sufficiently committed and confident, or they are not willing to take some risks. It is also possible to consider their relative lack of expertise and experience, the uncertain business environment and the current economic situation.

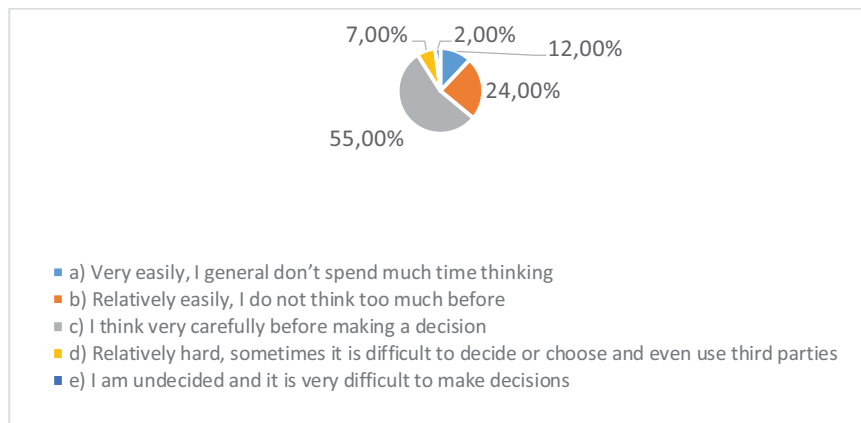


Figure 9: Decision making process

Regarding young entrepreneurs' degree of persistence, 36% of interviewed entrepreneurs expressed their ambition in asserting that when they intend to do something, nothing can stop them, 42% usually finish what they started, while 17% of them are going to start many things at once and find difficult to bring them all to an end. 5% of entrepreneurs give up if things if it does not go as planned. It should be noted that in business you have to be persistent to achieve your goals or get significant results, and for young entrepreneurs interviewed, almost a quarter of them – an important percentage - are not characterized by persistence.

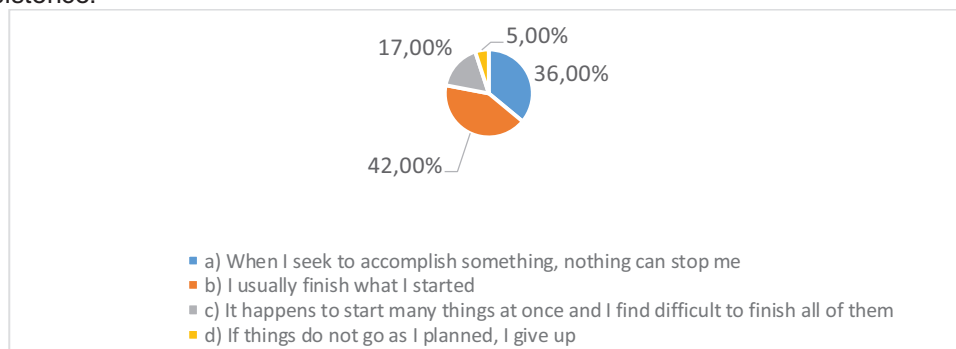


Figure 10: Level of persistence

Regarding the young entrepreneurs ease in identifying opportunities, only 26% of respondents have a great sense of identify new opportunities, 50% generally identify them when they arise, while 19% of them admit that they do not have flair in referral opportunities, and 5% have no sense at all. The percentage of those who observe very easy new opportunities is quite small, which means that other times they do not have a sense of attention to detail and the opportunities or do not have sufficient experience in the business and are not familiarize to capitalize on them.

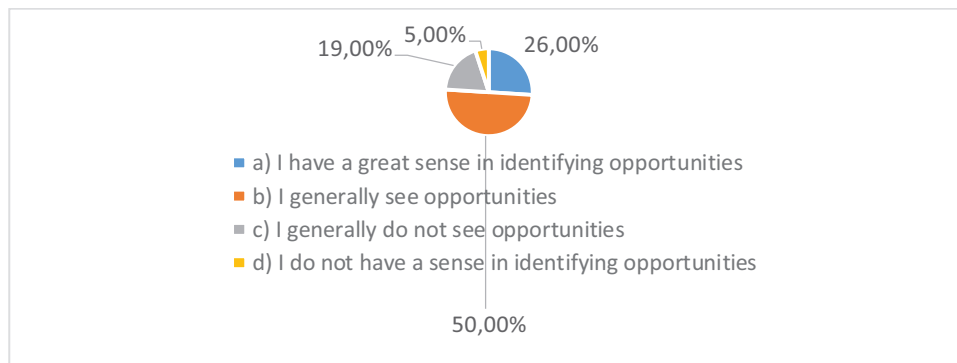


Figure 11: Opportunities

In relation to their energetic potential, 24% of young entrepreneurs say they do not ever feel tired, 45% feel well most of the time, and 31% generally feel pretty good at work. It is good that mainly young entrepreneurs surveyed felt no fatigue caused by running their business, but of course this depends on the time each of them spends at work and the degree of involvement in the company.

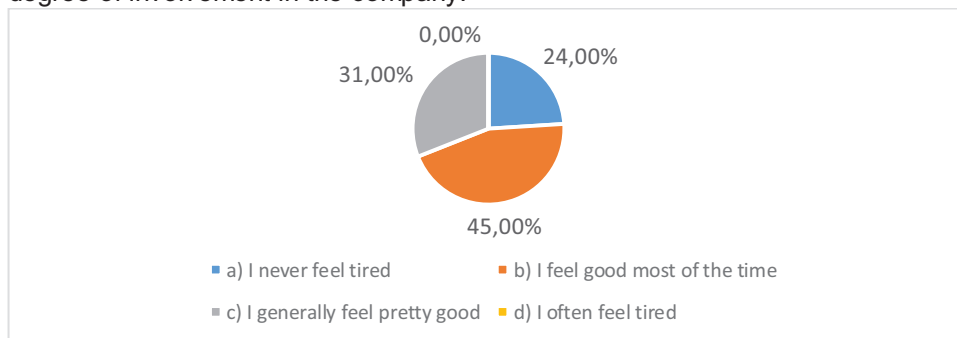


Figure 12: Energetic capability

Regarding their entrepreneurial incentives, young entrepreneurs said they are primarily motivated by a substantial gain, followed by expressing their own personalities and solving family problems important. Among the last places are the materialization of an idea, improvement of skills and positive impact on the environment or social contributions. On this question, respondents could choose more choices and therefore the sum is not 100 percent. We consider that positioning substantial income and solving family problems as the two most important incentives to become entrepreneur has to do with desire to achieve financial independence and live in their own income, but also with a poorer financial background of the young entrepreneurs.

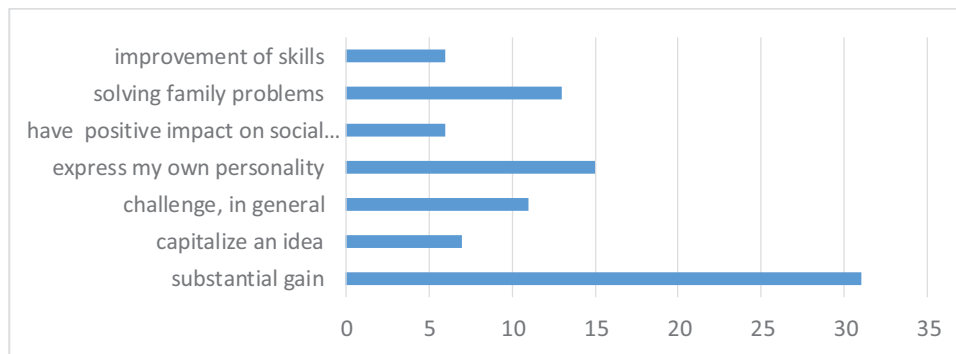


Figure 13: Entrepreneurial incentives

Regarding the factors that have led the young entrepreneurs to start their own business the first ranked is additional income, the desire to be your own boss and material independence, followed at a medium level of capitalizing on experience, linking job / business and passion / hobby, fulfilling ideas / visions and new challenges. On the last places ranks proximity, and unemployment. On this question, respondents could choose more choice and therefore could not achieve the exact percentage, but a classification. As in the previous question, related to desires that animates most in starting a business, and here we find, among determinants, first, additional income, which leads us to consider that money are one of the most important value of young entrepreneurs.

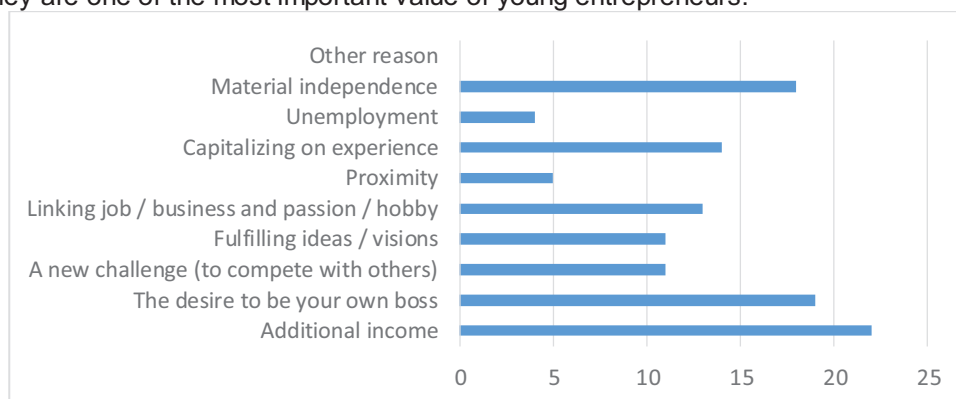


Figure 14: Entrepreneurial determinants

4. Conclusions

The survey allowed us to identify some key features of Romanian young entrepreneurs:

- Likes to not depend on others
- Follow consistently to introduce new ideas
- Has a strong self confidence
- Usually ends what started
- While not always need advice, accept them sometimes
- Generally notices new opportunities
- Seek independence as a social objective
- His main incentive is to obtain a substantial gain
- The factor that led to start his own business is the extra income
- Consider he is everything in the company, and the company cannot develop without him
- Consider the most important opportunities increased domestic sales, the assimilation of new products and the use of new technologies
- For him, competition is a real challenge
- In the last year, the business has operated at the same parameters
- Consider the main difficulties in business activity: low domestic demand; hiring, training and retaining staff; increasing salary costs, excessive taxation and poor quality of infrastructure
- He focused innovation within the company to develop new products, and new approaches to management and marketing

- Consider the most important elements to an employee: experience, expertise in the field, general expertise and sense of responsibility
- Dedicate between 1-5 days for employee training
- Participated in at least 2 courses of training and specialization
- Participated in at least 2 fairs
- He is less or little scared of the current economic crisis
- Likes to risk, and to get results as
- Accept uncertainty as something natural in business
- He is not demotivated by failure
- Is able to improvise when situation calls for it
- Is able to focus in stressful situations and act rationally
- Partially willing to assume the risks in starting any business
- Is able to take his own initiative, responsibility and act accordingly without anyone to ask for
- Concerning IT&C, use most phone and computers
- Use the Internet most often in the company for electronic payment transactions
- Has plans for future small investment
- Consider that his business will have an upward trend in the future
- In terms of economic circumstances have had other possibilities for financial support, but preferred to start a business
- Consider social and cultural environment deterrent to youth entrepreneurship
- Parents and family are those who have a key influence on starting a business
- The biggest fear in starting a business were the financial risks, access to finance and corruption
- The area where the real difficulties encountered most was on business support and infrastructure
- Education and educational institutions have positively influenced his career
- Educational support or business establishment phase consists of specialized courses and consultancy
- Is using counselling in accounting, marketing and management

Acknowledgements

This work was co-financed by the European Social Fund through Sectoral Operational Programme Human Resources Development 2007-2013, project number POSDRU/159/1.5/S/142115 „Performance and excellence in doctoral and postdoctoral research in Romanian economics science domain”.

Această lucrare a fost realizată în cadrul proiectului POSDRU/159/1.5/S/142115 cu titlul "Performanță și excelență în cercetarea doctorală și postdoctorală în domeniul științelor economice din România", cofinanțat din Fondul Social European prin intermediul Programului Operațional Sectorial Dezvoltarea Resurselor Umane 2007 – 2013.

References

- Bolton, B., Thompson, J., (2004) *Entrepreneurs: talent, temperament, technique*, 2nd ed. Oxford: Elsevier Butterworth-Heinemann
- Ceptureanu E. (2009) Patterns of Change, *Review of International Comparative Management*, ISSN 1582-3458, 2009
- Ceptureanu E., Ceptureanu S. (2012) Practice in Management and Entrepreneurship: Some Facts from the Bucharest University of Economic Studies, *Review of International Comparative Management*, Volume 13, Issue 5
- Ceptureanu S., Ceptureanu E., Zgubea F., Tudorache A. (2012) Economic Survey on Knowledge Based Management in Romanian Companies, *Review Of International Comparative Management*, Vol. 13 No. 2
- Chigunta F., (2002), *Youth Entrepreneurship: 9 Meeting the Key Policy Challenges*
- Curtain, R., (2000) *Towards a Youth Employment Strategy*. Report to the United Nations on Youth Employment
- Gartner, William B. Scott A. Shane (1995). Measuring entrepreneurship over time. *Journal of Business Venturing*. 10 (4): 283-301
- McClelland, D. C. (1961). *The achieving society*. Princeton, NJ: Van Nostrand
- Nicolescu C, Ceptureanu E, (2009) Romanian entrepreneurial environment, key aspect in investment decision, *Economia. Seria Management*, vol. 12(1 Special), pages 234-239

Schoof, (2006) Stimulating Youth Entrepreneurship: Barriers and incentives to enterprise start-ups by young people (*Series on Youth and Entrepreneurship*)

Shane, S. (2003): *A General Theory of Entrepreneurship. The Individual–Opportunity Nexus*, Cheltenham: Edward Elgar

Stone, J.R. et al.,(u.d) *Youth Run Enterprises: Successes, Barriers and Policy Implications*, Minnessota, USA.

White, S., Kenyon, P. (2000) *Enterprise-Based Youth Employment Policies, Strategies and Programmes*. Drat Report, ILO, Geneva

OECD (2001) *Putting the Young in Business: Policy Challenges for Youth Entrepreneurship*, The LEED Programme, Territorial Development Division, Paris

European Commission, (2009), *EU Youth Report Youth – Investing and Empowering*

European Comission (2014) *EU Startup Overview of the Environment*

European Youth Forum(2013) *Position Paper on Youth Entrepreneurship*

Eurobarometer survey, (2009), *Entrepreneurship in EU and beyond*