

Entrepreneurship in Romania: Between Challenges and Opportunities in a Changing Context

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The research delves into the intricacies of entrepreneurship in Romania within a socio-environment marked by swift changes and numerous uncertainties. Beginning with an assessment of the present state of Romanian entrepreneurship the primary obstacles confronted by domestic entrepreneurs are underscored, which consist of bureaucratic hurdles, limited availability of financial resources and instability, in the market. The investigation scrutinizes the tactics employed by entrepreneurs to adjust including embracing rapid digitalization, establishment of networks and fostering sustainability principles. In 2025s evolving landscape of opportunities lie chances waiting to be seized. A distinct section is dedicated to female entrepreneurship. Showcasing the rise of women engaging in entrepreneurial endeavors while addressing the unique challenges they face. The paper presents a view of Romanian entrepreneurial ecosystem by spotlighting its weaknesses and development potential in a constantly changing climate.

Keywords: Romanian entrepreneurship, challenges and solutions for entrepreneurs, female entrepreneurship, pillars of the entrepreneurial ecosystem

JEL Classification: L26

1. Introduction

The last decade has marked a significant evolution of entrepreneurship in Romania. Economic and social changes have created a dynamic entrepreneurial ecosystem. Romania is a vibrant combination of opportunities and challenges for its entrepreneurs. Entrepreneurship in Romania, as in many other parts of the world, is in a continuous transformation, influenced by economic, technological and social factors. In a rapidly changing global and local context, adaptability must be one of the most valuable traits of a successful entrepreneur.

According to the GEM 2023 report, the early-stage entrepreneurial activity (TEA) rate in Romania is 8.25%, below the international average of 12.94%, but the stable business owner (EBO) rate, of 8.6%, suggests

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a trend of stability among companies. Among the advantages noted, 63.75% of Romanians believe that there are good opportunities for starting a business, and 62.68% feel ready to initiate a business.

Romania ranks 46th out of 137 countries according to the Global Entrepreneurship Index 2019 (thegeedi.org) but this position is expected to improve according to the National Strategy for Research, Innovation and Smart Specialization 2021-2027 (SNCISI). While Romania's entrepreneurship index has increased, the country's innovation performance has declined over the last decade, affecting the sustainability of the entrepreneurial ecosystem (UEFISCDI, 2021). Romania focuses on increasing the number of enterprises, regardless of their nature and impact, while other countries focus on innovation and higher value-added businesses.

Romania's education spending is the lowest in the EU, which may have an impact on skills relevant to entrepreneurship (European Commission, 2017). Entrepreneurship education in schools consistently receives low scores from experts, being identified as an area with potential for improvement (GEM, 2023).

This article aims to explore the main challenges in the Romanian business environment and highlight aspects that entrepreneurs who want to remain competitive should address. Despite these challenges, Romanian entrepreneurship remains a vital force that, with adequate support, could significantly contribute to the positive evolution of the national economy.

2. The context of entrepreneurship in Romania

Although the potential, enthusiasm and innovative spirit of young entrepreneurs are evident, there are certain obstacles that can delay or prevent their success. These obstacles range from financial problems and bureaucracy to difficulties in adapting to foreign markets and global competition, are discussed in the works of several authors (Todericiu, 2021; Zaman et al., 2012; Boldureanu et. al., 2024; Paina-Racolta, 2018; Herman and Szabo, 2015; Pricopoaia et. al., 2024; Zhan et. al., 2020; Ciocanea et al., 2018; Sfetcu, 2024; Kah, 2020, a.o.) and to which we will refer below.

Limited access to finance: One of the main obstacles for Romanian entrepreneurs is difficult access to finance. Banks and financial institutions may consider start-ups as too risky, given that many of them fail in the first few years. This deprives entrepreneurs of the resources needed to grow their businesses and face the competition. The GEM 2023 report highlights Romania's last position in terms of availability of angel investors (2.04%), which further supports financial barriers as common issues for new companies.

Bureaucracy: Many administrative procedures are perceived as redundant and time-consuming. In addition, constantly changing legislation can be intimidating for entrepreneurs who are just starting out, who do not have the legal expertise or the resources to hire specialized consultants.

Tax system: Tax fluctuations can create instability for small businesses. This translates into unpredictable budgets and complex financial planning. A stable and predictable tax structure would facilitate business growth and development.

Infrastructure: Poor infrastructure can create logistical and operational complications. In rural or less developed areas, the lack of fast internet or efficient transportation can limit business expansion and development.

Failure mindset: Instead of being viewed as an opportunity for learning and growth, business failure is often stigmatized. This perspective can discourage innovation and experimentation, both of which are essential for long-term success. Fear of failure affects 58.05% of the adult population (GEM 2023), a high percentage that suggests that cultural and economic factors create an environment in which failure is perceived as unacceptable.

Access to foreign markets: Entrepreneurs can face difficulties in expanding internationally due to cultural, legislative, marketing barriers, and the power exerted by large players. Without a well-defined strategy and the necessary resources, significant growth opportunities can be missed.

Competition: Global competition requires adaptability and constant innovation. The market is now more accessible than ever (in terms of size and existing channels), which means that Romanian entrepreneurs must compete not only locally, but also internationally.

Changing consumer behavior: Romanian consumers have become more demanding and attentive to the quality of the services and products they purchase. Moreover, they are increasingly aware of the social and ecological impact of products, which determines a change in their consumption preferences. Entrepreneurs must be attentive to these changes and adapt their offer according to the new market requirements; thus, without increased attention in the interaction with customers, both before the purchase and during the use of the product, a business can lose ground to the competition and can damage its image in the long term.

Increasing operational costs: Due to global economic changes, raw material, energy and wage prices are increasing, which puts pressure on profit margins. Although in the short term, optimization may sometimes involve additional costs, it has a positive impact on scaling the business in the long term, a goal pursued by any entrepreneur. Thus, without an adaptation to the digital environment and informed management decisions, a company cannot effectively control its costs.

The GEM 2023 report highlights several aspects to consider when analyzing the Romanian entrepreneurial environment:

- National experts consider that government programs for entrepreneurship are at a relatively low level, with Romania ranking 14th out of 16 middle-income economies for this framework condition. The score obtained was 3.6 points, indicating that this condition is not sufficient to effectively stimulate entrepreneurship.
- Social and cultural norms that support and promote entrepreneurial culture in society are also identified as an area for significant improvement, with Romania also ranking 14th out of 16 middle-income economies, with a low score.
- Financing entrepreneurship (accessibility of funds for start-ups) is considered essential, but not sufficient, with a score of 3.9 points.
- Entrepreneurship education in schools consistently receives low scores, being identified as an effective and relatively affordable solution for strengthening the entrepreneurial environment.

According to the Entrepreneur Profile 2024 study, which provides valuable insights into how Romanian entrepreneurship has evolved and diversified over the past 30 years, long-term survival remains a challenge for many Romanian businesses. The average lifespan of a company in Romania is almost 11 years, and 50% of companies have been in existence for at least 8 years. Those established during difficult economic times, such as the 2008-2010 financial crisis, have faced major difficulties in remaining in the market.

Another central element of the analysis (Entrepreneur Profile, 2024) is the sectoral profile of Romanian businesses, which indicates an economy dominated by a few key sectors. Net profit is much more concentrated in retail trade, construction and professional, scientific and technical services. Although certain sectors generate large volumes of revenue, not all of them manage to convert them into significant profits. Over the past 15 years, the wholesale and retail trade sector has been a central pillar of net profit, reaching a peak of 35% in 2008 and stabilizing around 25-30%. The manufacturing industry is also an important pillar. However, focusing on these areas can create vulnerabilities. For example, a decrease in demand could strongly affect the national economy, highlighting the need for strategic diversification to prevent a structural crisis. In the face of these difficulties, entrepreneurs need to find innovative and flexible strategies. They must follow market trends and adapt quickly to environmental changes. Awareness of challenges and viable solutions is crucial to persevere in entrepreneurship.

3. Adaptation and solutions for Romanian entrepreneurs

To meet these challenges, entrepreneurs need to be flexible and open to change. Among the possible strategies and solutions that could help adapt to this dynamic business environment, are:

Adopting technology and automating processes: One of the most effective ways to address current challenges is to use technology to automate processes and reduce operational costs (Qian Qiu, 2021; Velella, 2021). For example, digitizing financial activities can save time and resources. Although digitization and adapting to new technologies are recognized as essential factors for competitiveness, data shows (Entrepreneur Profile, 2024) that almost half of businesses use digitization at a low or moderate level. This trend highlights the need for policies that support investments in digitization, especially in the SME sector, to help them expand their market and improve their efficiency.

Cost optimization and efficient resource management: In a time of economic uncertainty, it is essential for entrepreneurs to manage their resources carefully (Amir, 2016). This includes closely monitoring cash flow, renegotiating contracts with suppliers, and identifying new opportunities to reduce costs.

Customer orientation and continuous innovation: To remain competitive, entrepreneurs must adapt quickly to changing market demands (Mishra et. al., 2023). This means always being attentive to customer feedback and constantly innovating. Improving the products and services offered and personalizing them according to customer preferences are essential for long-term success.

The business environment in Romania is constantly changing, and entrepreneurs must be prepared to adapt quickly to new challenges. By adopting technology, optimizing costs, and focusing on the customer, they can turn these challenges into opportunities for growth and success. In a dynamic world, flexibility and innovation are key to thriving in entrepreneurship.

4. Emerging opportunities for Romanian entrepreneurs in 2025

The year 2025 marks a crucial moment for Romanian entrepreneurship, bringing emerging opportunities that promise significant changes. Creativity and innovation are no longer optional, but fundamental to effectively respond to the needs of a constantly changing global market. Entrepreneurs who diversify their offer and improve their processes, with a special focus on developing digital solutions for better business efficiency, emphasizing the production of sustainable local products, sustainable innovations in agriculture that capitalize on local resources, the adoption of emerging technologies, such as artificial intelligence and blockchain, will make the difference (Mishra et. al., 2023; Halberstadt, 2024; Usman et. al., 2024).

Innovative strategies and effective creative solutions are vital for Romanian companies that pursue performance on the domestic and global market. A solid leadership can determine the direction of business development and stimulate the team to achieve ambitious goals. This change not only provides them with a competitive advantage but also contributes to the modernization of the Romanian economy.

Efficiency in digital marketing and consulting are essential to attract new customers and strengthen the brand image, thus, entrepreneurs must explore various promotion channels, such as social networks and SEO (Sharma, 2024). Prudent management of financial and human resources facilitates sustainable business growth and adaptability to market dynamics.

5. Perspectives on Romanian female entrepreneurship

According to Brush et al. (2009) and Verheul et al. (2006), female entrepreneurship presents various particularities in terms of motivations, strategies and leadership style. Studies show that female entrepreneurs are more inclined to create businesses in social, creative and service fields (Verheul et al., 2006). The most common branches of female entrepreneurship are of a traditional nature, such as accounting agencies, shops, hair and beauty salons, pharmacies, foreign language schools, etc., but also those private businesses in the fields of marketing, IT, communications and public relations, banking.

In the Romanian context, female entrepreneurship has been influenced by various economic and social transformations. Published studies show that public policies have had a limited impact on stimulating female entrepreneurship, and access to training and mentoring programs is limited (Sima and Gheorghe, 2017; Dan Isbăsoiu et al., 2024).

Recent research highlights the growing importance of women in entrepreneurship (GEM, 2023), with more and more women choosing this career path. Zenger and Folkman (2019) show that women have superior leadership skills, such as teamwork and problem-solving, compared to men. Women are able to multitask and find strong motivation in creating their own business, given that it allows them to achieve a better work-life balance (Bhardwaj, 2014). Although women's involvement in entrepreneurial activities has increased in recent years, GEM studies (2023) highlight the predominance of men among entrepreneurs. This development has had a significant impact on the local economy, diversifying and strengthening it.

Women entrepreneurs and leaders have a clear vision and problem-solving skills, empathy and courage, generating innovative solutions for businesses. However, many women hesitate to invest in their personal and professional development. According to GEM, by 2023, only one in 15 women in Romania plan

to start a business in the near future, compared to one in 10 men. Moreover, women's active involvement in entrepreneurship is significantly lower: only 3.73% of women aged 18-64 are early-stage entrepreneurs, while the percentage for men is 6.19%. One of the biggest obstacles is risk aversion. 70.8% of women who perceive business opportunities say that fear of failure prevents them from starting their own business, compared to 64.3% of men. This suggests that women need more support, mentoring, and risk reduction programs to more easily enter the entrepreneurial environment.

Mentoring and networking are vital in the evolution of business development. These tools lead to improved entrepreneurial skills. They also facilitate the formation of sustainable communities that promote innovation. Through mentoring, female entrepreneurs improve their leadership skills and gain more confidence in their decisions.

Contributing to social impact through sustainable initiatives that have a beneficial effect on society. These actions not only favor local products but also build an economy that is attentive to environmental factors. This contributes to a better, greener and fairer future for all communities. Such actions aim to collaborate with local suppliers, support small farmers and producers, implement eco-friendly practices in production processes, focus on recycling and green energy. This not only conserves resources, but also stimulates the local economy, informs consumers about the positive social impact of their choices and improves the brand image. Thus, they attract consumers concerned about sustainability.

6. Conclusions

It is more than clear that Romania needs a better supported ecosystem through public policies, accessible financing and digital education, to fully exploit its entrepreneurial potential. In conclusion, the state of the pillars of the entrepreneurial ecosystem significantly influences Romania's ability to promote balanced regional development and improve its overall entrepreneurial performance compared to other EU member states. The existence of significant regional disparities and systemic challenges at national level indicate the need for comprehensive and well-coordinated strategies to strengthen these pillars and foster a more entrepreneurship-friendly environment. Also, an important aspect to conclude is that at the national level, the fear of failure is a significant barrier in Romania (58.05%), and access to start-up financing is limited (GEM, 2023).

In the context of the pillars of the entrepreneurial ecosystem as provided by the Global Entrepreneurship Index (GEI), the low levels of entrepreneurship and the well-being index in Romania are attributed to the ineffective implementation of the pillars. The importance of interconnecting these pillars to stimulate economic growth is vital (Ungureanu and Prelipcean, 2022).

In conclusion, the main entrepreneurial framework conditions that need improvement in Romania, according to experts and analyses, include government programs for entrepreneurship in general but also female entrepreneurship, social and cultural norms, entrepreneurship financing, entrepreneurial education (especially in schools), and support for innovation and internationalization.

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