



Inclusive Entrepreneurship Policies, Country Assessment Notes

Romania, 2017



Acknowledgements

This note is part of a series of notes on country-level inclusive entrepreneurship policies and programmes prepared by the Organisation for Economic Co-operation and Development (OECD) for the European Commission. These notes were prepared as part of the programme of work of the OECD Local Economic and Employment Development (LEED) Programme of the Centre for Entrepreneurship, SMEs, Regions and Cities (CFE). They provide an overview of current and planned policy actions and identify some actions that could be implemented to address gaps in the current support offering, or improve current offerings.

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FOREWORD

Inclusive entrepreneurship policies aim to offer all people an equal opportunity to create a sustainable business, whatever their social group or personal characteristics. This is an important requirement for achieving the goal of smart, sustainable and inclusive growth set out in the Europe 2020 strategy. It is also a means to respond to new economic challenges, to create jobs and to fight social and financial exclusion. Among the key targets of inclusive entrepreneurship policies and programmes are women, youth, older people, the unemployed, migrants and people with disabilities, who all continue to face challenges in the labour market and are under-represented or disadvantaged in entrepreneurship activities. ‘The Missing Entrepreneurs’ series of publications of the Organisation for Economic Co-operation and Development (OECD) and the European Union discuss how public policies and programmes can support inclusive entrepreneurship. This includes refining regulatory and welfare institutions, facilitating access to finance, building entrepreneurship skills through training, coaching and mentoring, strengthening entrepreneurial culture and networks for target groups, and putting strategies and actions together for inclusive entrepreneurship in a co-ordinated and targeted way. Governments are increasingly recognising the challenge of inclusive entrepreneurship, but there is still much to do to spread good practice.

Romanian women (7.2%), youth (14.4%) and older people (5.7%) were more likely to be involved in business creation and the management of new businesses than the European Union average (4.8% for women, 7.8% for youth, 4.3% for older people) over the period 2012-16. However, many of these new businesses were started due to a lack of other opportunities in employment, particularly for older people. Policy makers have recently introduced tailored entrepreneurship for women and youth, and have increased efforts to improve access to finance. However, there is still scope to strengthen inclusive entrepreneurship support in Romania, notably by increasing the support of entrepreneurship coaching and mentoring, and providing more support to the development of entrepreneurship networks.

This note is the second in a series of annual country assessments prepared by the OECD in collaboration with the Directorate-General for Employment, Social Affairs and Inclusion of the European Commission on the state of inclusive entrepreneurship policies and programmes in each European Union Member State. Each note provides an overview and assessment of policies and programmes that support people from under-represented and disadvantaged groups in business creation and self-employment, and suggests policy actions to address gaps in the support system and to improve the quality of available support offers. The notes cover national-level policies and programmes and, where relevant, sub-national initiatives and actions by the non-governmental sector. The 2017 notes place a special focus on describing the characteristics of self-employment in each country.

The notes are part of a wider programme of work by the OECD and the European Commission that includes ‘The Missing Entrepreneurs’ publications, a series of Policy Briefs on specific target groups, policies and issues, country reviews of youth entrepreneurship and women entrepreneurship, and the production of online policy guidance. For more information please refer to: <http://www.oecd.org/employment/leed/inclusive-entrepreneurship.htm>.

LIST OF ABBREVIATIONS

AGS	Annual Growth Survey
AIPPSME	Agency for Implementation of Projects and Programs for Small and Medium Enterprises
ANPs	Authorised Natural Persons
CSR	Country Specific Recommendations
DSMEBET	Department for SMEs, Business Environment and Tourism
EBRD	European Bank for Reconstruction and Development
EC	European Commission
ECGC	European Code of Good Conduct
ESF	European Social Fund
EU	European Union
EUC	European Council
EYER	Employers of young entrepreneurs in Romania
GDEPSMEPI	General Direction for Entrepreneurial Policies and SMEs Programs Implementation
GSDSMEs	Government Strategy for Development of Small and Medium Enterprises
HC OP	Human Capital Operational Programme
IPYW	Implementation Plan of Youth Warranty
JSC	Join Stock Company
LLC-D	Limited Liability Company - Debutant
MAOPs	Management Authorities for Operational Programmes
MARD	Ministry of Agriculture and Rural Development
MESMEBE	Ministry of Energy, Small and Medium Enterprises and Business Environment
METBER	Ministry of Economy, Trade and Business Environment Relationship
MFE	Ministry of European Funds
MLFSPEP	Ministry of Labour, Family, Social Protection and Elderly People
MPF	Ministry of Public Finance
MSMECBE	Ministry of Small and Medium Enterprises, Commerce and Business Environment
NAE	National Agency for Employment
NAEOWM	National Agency for Equal Opportunities between Women and Men
NAPD	National Authority for People with Disabilities
NCGFSME	National Credit Guarantee Fund for SMEs
NSC	National Strategy for Competitiveness
NEAC	Nomenclator of Economic Activity Classification
NEETs	Not in Employment, Education or Training People
NHS	National Health Strategy
NRP	National Reform Programme
NRDP	National Rural Development Programme
NSAA	National Strategy for Active Ageing
NSAHT	National Strategy Against Human Trafficking
NSHE	National Strategy on Higher Education
NSLL	National Strategy for Lifelong Learning
NSPCDV	National Strategy for Preventing and Combating Domestic Violence
NSPPCR	National Strategy for Protection and Promotion of Child Rights
NSRDI	National Strategy for Research, Development and Innovation
NSRESL	National Strategy for Reducing Early School Leaving
NSSIPD	National Strategy on Social Inclusion of Persons with Disabilities
NSSIPR	National Strategy on social inclusion and poverty reduction for the period
NSSIPR	National Strategy for Social Inclusion and Poverty Reduction

NSE	National Strategy for Employment
OECD	Organisation for Economic Co-operation and Development
PA	Partnership Agreement
PES	Public Employment Service
RARIF	Romania Agency for Rural Investments Financing
RDAs	Regional Development Agencies
RG	Romanian Government
RG ML	Romanian Government, Ministry of Labour
RGSDSME	Romanian Government Strategy for Developing the SMEs sector
RGSDSMEBE	Romanian Governmental Strategy for Development of SMEs and Business Environment
RGSIRCRM	Romanian Government Strategy for Inclusion of Romanian Citizens belonging to the Roma Minority
RMC	Romanian Microcredit Facility
RNCPSMEs	Romanian National Council of Private SMEs
RNIS	Romanian National Institute of Statistics
RNTRO	Romanian National Trade Register Office
ROP	Regional Operational Programme
RPES	Romanian Public Employment Service
RSWE	Romanian Strategy of Workforce Employment
SBA	Small Business Act for Europe
SMEs	Small and Medium Enterprises
SOP HRD	Sectoral Operational Programme for Human Resources Development
TOSMECs	Territorial Offices for SMEs and Cooperatives
WB	World Bank
YEI	Youth Employment Initiative

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KEY MESSAGES

- Entrepreneurship policy in Romania is guided by an overall SME and entrepreneurship strategy for 2014-20, which includes entrepreneurship support for population groups that are under-represented or disadvantaged in entrepreneurship, notably women, youth, people living in rural areas, the Roma and to a lesser extent, the elderly. One of the main business creation supports offered is business start-up financing, which comes from national and European Union budgets. Programmes are typically managed by state-level agencies.
- Women, youth and older people are very active in business creation. Over the period 2012-16, 7.2% of women, 14.4% of youth, 5.7% of older people were actively starting or managing a business that is less than 42 months old. These proportions were all greater than the European Union average for each group. However, these high activity rates can be partially explained by a high proportion of entrepreneurs who report that they started a business due to a lack of employment opportunities in the labour market.
- The promotion and activation of inclusive entrepreneurship programmes and policies is slowly increasing. A number of targeted programmes financed from European Union (EU) and national funds are in place for women, youth and rural people, their scale remains however low. Targeted trainings and business advice is provided for youth, which is the groups most likely to engage in such activities. Few tailored entrepreneurship measures exist yet for other groups, notably seniors, migrants and disabled people. The Roma are partially targeted through programmes financed by the European Social Fund.
- Strengthening entrepreneurial learning, providing finance for the target groups of inclusive entrepreneurship and promoting business creation and self-employment as one way of labour market integration among the target groups remain critical factors in Romania. In particular the following suggestions could improve inclusive entrepreneurship policies and programmes: (i) develop action plans for entrepreneurship support for key target groups of inclusive entrepreneurship support (i.e. women, youth, older people, the unemployed and migrants); (ii) create a single information space covering each of the key social target groups; (iii) create “special” funds and microcredit schemes for inclusive entrepreneurship and align with training and business advice; (iv) develop and deliver business consultancy and advisory services for entrepreneurs from under-represented and disadvantaged groups through dedicated initiatives; and (v) promote EU best practices on senior-youth entrepreneurship skills initiatives.

1. INCLUSIVE ENTREPRENEURSHIP OBJECTIVES AND TARGETS

Support for entrepreneurship development is a priority of the Romanian government and described in its 2014-2020 Strategy on supporting SMEs. Several broad SME and entrepreneurship targets have been established in the Romanian Governmental Strategy for Development of SMEs and Business Environment (RG, 2014), notably to have more than 670 000 active SMEs in the Romanian economy (relative to 474 000 in 2013), increasing the density of active SMEs per 1 000 inhabitants from 24 in 2013 to 36 in 2020, and reaching more than 3.2 million employees in active SMEs in the economy (compared to 2.6 million in 2013).

The overall policy objectives for inclusive entrepreneurship are to promote a sustainable workforce and to support labour mobility, including through self-employment, entrepreneurship and the creation of innovative enterprises. The promotion of social inclusion and combating poverty and any form of discrimination is also a general policy objective. However, no quantitative

entrepreneurship targets have been defined for the key target groups of inclusive entrepreneurship policies, e.g. women, youth, immigrant, the unemployed, and seniors.

Romania is progressing well towards its relevant Europe 2020 targets. According to the European Commission, Romania to reach its objectives related to reducing the population at risk of poverty, the employment rate and the rate of early school leavers are however still critical issues and performance is below the targets set (EC, 2016).

2. KEY INCLUSIVE ENTREPRENEURSHIP INDICATORS

2.1. Labour market context

Inclusive entrepreneurship policies and programmes often seek to open up business creation and self-employment as a way of participating in the labour market for groups that often face challenges in the labour market.

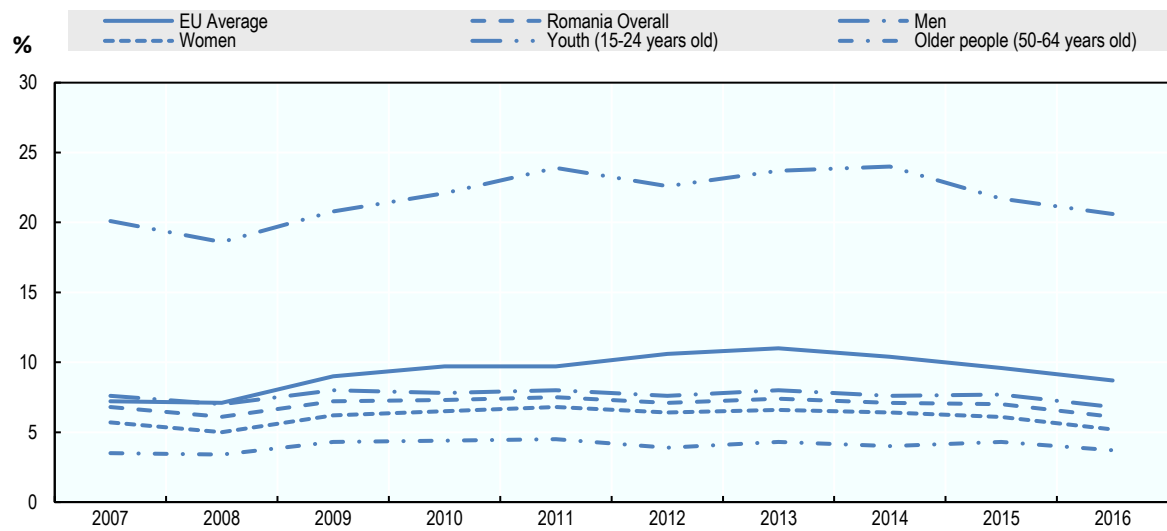
The low unemployment rate was below European Union (EU) average in 2016 (5.9% vs 8.5%) (Figure 1) and should be seen in the context of a continuous decline of the working-age population due to ageing, net outward migration and an important share of total employment in subsistence agriculture. It is to be noted that at current levels, unemployment may be slightly below the “natural rate” for 2016 and 2017.

Although not necessarily worsening, the employment situation of youth (15-24 years old – 22.3% of the population) and older people (55-64 years old – 42.8%) are a concern for policy makers. The percentage of young people not in employment, education or training (NEETs) is well above the EU average, underscoring the difficulties in ensuring adequate transition from the education system to the labour market. The NEET rate was 17% in 2016, relative to 15% in the EU. The number of unidentified young people NEETs was approximately 380 000 (Eurostat, 2017). Moreover, long-term unemployment stood at 3% but for youth (15-24 years old), it was 10 percentage points (p.p.) higher (i.e. 13% in 2016).

The unemployment rate for women was slightly below the overall unemployment rate and not much different from men. The unemployment rate for people with medium or low education was approximately around 1.7 p.p. higher than the overall rate of unemployment in 2016 (7.6% vs. 5.9%), but nevertheless 4.5 p.p. higher than the one for individuals with higher education (7.6% for the former as against 3.1% for the latter).¹

¹ See Press communique of the National Institute for Statistics no98/18.04.2018 (Employment and unemployment in 2016) at: www.insse.ro.

Figure 1. Unemployment rate, 2007-16

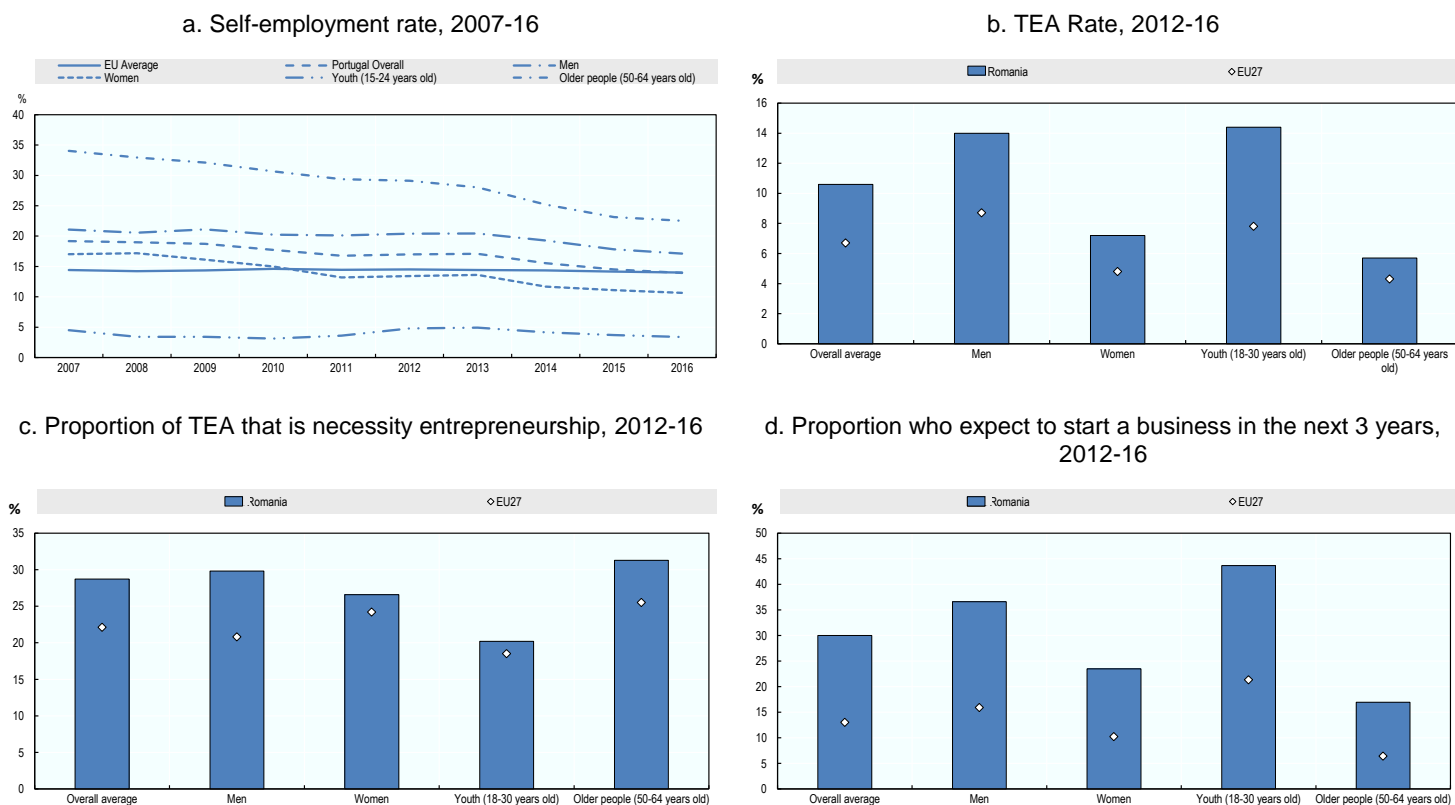


Source: Eurostat (2017), Labour Force Survey 2016.

2.2. Self-employment and entrepreneurship rates

The analysis of the self-employment rate data (Figure 2a) reveals both a gender gap and an age gap in Romanian self-employment. The self-employment rate of women (11.1%) and young people (13.1%) was lower than the overall rate in Romania (17.6%) in 2016, which was however still above the EU average of 14.1%. The self-employment rate of older people was almost double the overall self-employment rate in 2016 and stood at 25.4%, followed by the rate for men at 22.5%. However, most of it takes place in subsistence agriculture, so it is of a completely different kind than self-employment in the rest of the EU.

Figure 2. Self-employment and entrepreneurship rates by target group



Note: The self-employment rate is defined as the proportion of those in employment who are self-employed. The TEA rate is the Total early-stage Entrepreneurial Activity rate, which is defined as the proportion of the population actively involved in pre start-up activities and those who have started a new business within the last 42 months. The proportion of TEA that is necessity entrepreneurship is the proportion of entrepreneurs involved in setting-up a new business or operating a business that is less than 42 months old, who were motivated to start their business because they had no better options for work. Data for panels b, c, and d were pooled for the period 2012-16. Responses were weighted to reflect the population in each year, but no weighting was used when pooling the time series data, i.e. all years have the same weight regardless of the sample size in each year. The EU27 average in panels b, c, and d covers all EU Member States except Malta.

Source: Panel a contains data from Eurostat (2017), Labour Force Survey; Panels b, c, and d contain data from the 2012 to 2016 Global Entrepreneurship Monitor household surveys that were tabulated for the OECD (2017).

Most of the self-employment in Romania is concentrated in subsistence and semi-subsistence farming. Agriculture accounts for 28% of the total employment, which is the largest such share in the EU. This largely consists of self-employed and contributing family workers, with the vast majority in the latter category being made by women. Therefore, if the large share of self-employment that is related to agriculture were removed, the self-employment picture would look fairly similar to the EU average. Accordingly, a large share of “gross self-employment” is taking place in the “non-registered/non-observed economy”, known as the “household production for its own final consumption sector.” This is where goods and services consumed by a household are at least two-thirds (67% or significant in “statistical terms”) produced by the household itself which by this acquires also the status of a “unit of production” in addition to the traditional “unit of consumption” status assigned to it by the national accounts methodology. This form of “self-employment” is the most common form of “atypical employment”. Workers in this type of work are exempt from mandatory contributions in all of the public run social security/protection schemes such as pensions, health insurance, work accidents and illnesses, and unemployment insurance (which also means that they are not covered). It is also home to the largest concentration of “in-work” poverty in the country (Ghinararu, 2014).

This dominant feature of self-employment also explains many of the characteristics of self-employment in Romania. Youth are more active than core age and older people since large numbers of them are active in IT-related businesses, which is the fastest growing sector in the economy. A large share of the workforce has chosen to undertake the activity in an entrepreneurial type regime, either incorporating as small businesses or acting as authorised licensed individual professionals (“*persoana fizica autorizata*”), which is the simplest form of entrepreneurial-type organisation.² It is most suitable for individual professionals and experts, and could be considered a form of atypical work at the high-end of the labour market (Ghinararu, 2016; Ghinararu et al., 2015). Youth are generally open to these forms of flexible, atypical employment than older generations who still favour the traditional model of salaried employment (Ghinararu et al., 2016). However, youth also tend to be more open to entrepreneurship as they are more tech-savvy (Davidescu and Ghinararu, 2014).

An investigation on “time use” by the National Institute of Statistics (NIS, 2015) showed that individuals involved in business and entrepreneurship spend a lot of their working time travelling – sometimes as much as 50% of their a working day. This is thought to be a disincentive to entrepreneurship for women since they devote, on average, twice as much time as men to household chores and family care responsibilities. Thus, entrepreneurship often presents a different trade-off for women between household responsibilities and entrepreneurship. This is one of the reasons for the gender gap in entrepreneurship (Ghinararu, 2014; Ghinararu et al., 2016).

According to Paul (2016), 38% of Romanian entrepreneurs were women in 2015. There were 245 260 companies with women as associated or majority shareholders, of which 173 576 where women were the sole partner.

Another way to measure entrepreneurship activities is through household surveys that ask about labour market and entrepreneurship activities. One of the most well-known surveys is the international survey managed by the Global Entrepreneurship Monitor. One of its main indicators is the Total early-stage Entrepreneurial Activities (TEA) rate, which estimates the proportion of the population that is involved in starting a business or managing a business that is less than 42 months old. The TEA rate in Romania (Figure 2b) was above the EU average for the period 2012-16 (10.6% vs. 6.7%). Men had a TEA rate that was substantially higher than the rate for women (14.0% vs. 7.2%) and youth were more active than older people (14.4% vs. 5.7%) in starting a business or operating a new business.

Nearly three-in-ten businesses in Romania were created because the entrepreneurs did not have any opportunities in the labour market over the period 2012-16 (28.7%) (Figure 2c). This proportion was above the EU average during this period (22.1%). Older people were the most likely to be active in entrepreneurship during this period due to a lack of job opportunities (31.3%), while only one-in-five youth started a business because they could not find employment. Both of these proportions were above the EU average. However, unlike the vast majority of EU countries, women were less likely than men to be involved in necessity entrepreneurship (26.6% vs. 29.8%).

The findings related to the TEA rate are consistent with the high self-reported expectations to start a business (Figure 2d). Overall, 30.0% of people expected to create a business over the next three years, which is significantly higher than the proportion across the EU (13.0%). This was driven by a high proportion of youth (43.6%) and men (36.6%) who expected to start a business.

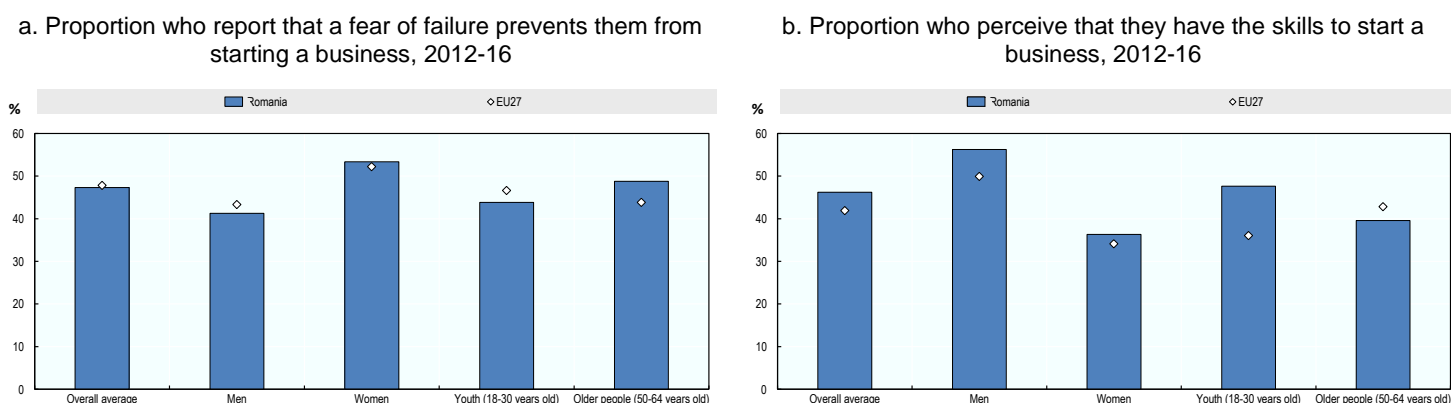
² See also “Social Pillar – Quantifying atypical employment in the EU Member States, ROMANIA”, April 2016, for the European Employment Policies Observatory.

2.3. Barriers to business creation

Potential entrepreneurs were as likely as the EU average to report a fear of failure as a barrier to business creation for the period 2012-16 (47.3% to 47.8%) (Figure 3a). Women were more likely to report fear of failure than men (53.3% to 41.2%). Youth were slightly less likely than the EU average to cite this barrier over this period (43.8% vs. 46.6%), while older people were slightly more likely (48.8% vs. 43.8%).

Another important barrier to entrepreneurship for many people from under-represented and disadvantaged groups is a lack of entrepreneurship skills (Figure 3b). Over the 2012-16 period, adults in Romania were slightly more likely to report that they have the skills to start a business than the EU average (46.2% vs. 41.9%). Women were the target group that was the least likely to report having the skills to start a business (36.3%), while youth were the most confident (47.6%). The proportion of youth who reported having the skills to start a business was substantially above the EU average for youth during this period (36.0% vs. 43.8%).

Figure 3. Barriers to entrepreneurship by target group



Note: Data were pooled for the period 2012-16. Responses were weighted to reflect the population in each year, but no weighting was used when pooling the time series data, i.e. all years have the same weight regardless of the sample size in each year. The EU27 average covers all EU Member States except Malta.

Source: GEM (2017), special tabulations of the Global Entrepreneurship Monitor's household surveys from the 2012 to 2016.

Barriers to business creation for women

A major research project was conducted on women's entrepreneurship in Western Romania in 2009-10 within the AntrES project. It surveyed 1440 women from the urban and rural areas who were interested in starting a business in the counties of Maramureş, Satu Mare, Bihor, Arad, Timiş, and Caraş-Severin. The survey identified several challenges, notably economic dependence on their spouse and poverty, especially in rural areas where 10% of the respondents declared that they did not have any kind of income; another 25% reported a monthly income of up to RON 500 (approximately EUR 110), and another 50% reported an income of up to RON 900 (approximately EUR 195). Both in the urban and the rural area, insufficient funds to start up the business were frequently cited as a barrier. Approximately 90% of respondents considered that they do not have at all or they have a small amount of financial resources. However, skills was also frequently cited as a barrier – 50% considered that they do not have at all or they have a small amount of human resources (i.e. skills). In this context, 66% of the women in the rural area and 71% in the urban area cited that they benefited from important support from family and more than 55% intended to involve their families in the business, both as an

essential human resource and as an extension of the family partnership (Dodescu, 2011). Also, respondents preferred to start up their business in fields where the necessary start-up capital was lower – trade, tourism, services, etc. (Dodescu et al., 2012). The obstacles perceived by women who intended to start a business are the same in urban and rural area, but the women from rural areas declare their opinions more strongly (Dodescu et al., 2012) (see Table 1).

Table 1: Distribution of responses to the questions related to the seriousness of the obstacles in business start-ups

	Urban sample	Rural sample
Agreement that the item represents an obstacle (fully agree and agree)		
High taxes	75.5%	84.9%
Bureaucracy	75.0%	83.2%
Frequent legislative changes	50.8%	77.0%
Concurrence	52.0%	51.8%
Financial resources	68.2%	68.9%
Lack of information and counselling	31.0%	37.4%
Finding people and connections	30.5%	38.5%
Lack of time for training and education	24.6%	28.4%
Self-confidence	12.5%	21.9%
Combining family and professional life	17.4%	20.6%
Gaining acceptance and respect from people	21.7%	28.3%

Source: Dodescu A., Badulescu A., Săveanu T. (2011), "Beyond Entrepreneurial Education. The Access to Finance as Obstacle to Women Entrepreneurship in Western Romania", *Proceedings of the 6th European Conference on Innovation and Entrepreneurship*: ECIE, Academic Conferences Limited.

Other studies highlight the lack of role models, lack of experience, education and work experience, lack of relevant networks as important barriers to women entrepreneurship in Romania (Paul, 2016).

Barriers to business creation for youth

Research studies on the business start-up process tend to suggest that young people face a series of specific problems related to their age, especially, lack of capital and under-developed skills in business management. The relevant literature on youth entrepreneurship is not very large in Romania. Recent research finds that the area where youth entrepreneurs were most likely to encounter most difficulties was on access to business support and infrastructure, and the biggest fears in starting a business were the financial risks, access to finance, and corruption (Ceptureanu, 2015). Parents and family are those who had a key influence on starting a business, and also educational institutions were cited as positively influencing youth entrepreneurship (Nicolescu and Ceptureanu, 2009).

Barriers to business creation for rural people

The main barriers to business creation for people living in rural areas are poverty, difficulties in obtaining sufficient capital, corruption within the public administration and rural associations, lack of economic diversity, unsupportive entrepreneurship culture, lack of other entrepreneurs and networks, and the absence of clusters and groups of producers (Olah and Flora, 2015). It is also important to note that people living in rural areas have traditionally had jobs in the agriculture sector, which have not

required entrepreneurial skills or mindsets. Accordingly there is a lack of entrepreneurship culture in rural areas and families are not supportive of child that would like to become entrepreneurs.

While all of the above may hold true to a certain extent it is also to be noted (Ghinararu, 2006; 2010, Davidescu and Ghinararu, 2014) that the structure of farming is changing. Although there is still a large proportion of workforce working in agriculture, but it no longer cultivates the bulk of the agricultural surfaces. A process of concentration is already visible in the agriculture sector with large farms taking over the small surfaces either through direct purchase from their owners or through various forms of lease and rental agreements. Thus most of Romania's agricultural output is now derived from the large exploitations with the small farms having just a marginal contribution. It is to be noted that a large part of those reporting in the Labour Force Survey as self-employed farmers or contributing family workers account for a large share of the migration for employment abroad in the form of circulatory migration whereby migrants come and go at regular intervals taking in most cases in the country of destination precarious jobs or jobs that are actually located in the informal sector.

Barriers to business creation for the Roma community

While the problems of the Roma community are well-known (Romania is the EU Member State with the highest Roma community) the urban-rural disparity is growing. As CR 2016 shows, rural areas face severe under-utilisation of human capital, poverty and social exclusion; "a high proportion of the rural labour force works in subsistence or semi-subsistence agriculture, associated with informal work or non-remunerated family work, low productivity and poverty; rural areas face a multitude of challenges related to education, health, social inclusion, basic infrastructure, diversification of employment, outwards migration, and population ageing" (EC, 2016). Furthermore, youth and women living in rural, particularly Roma youth and women face multiple disadvantages in entrepreneurship due to their social status and age/gender status.

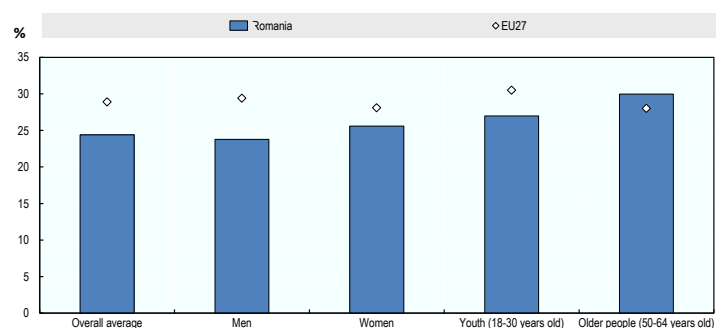
2.4. Entrepreneurship performance

Entrepreneurs in Romania were less likely than the EU average to offer new products and services to their customers over the 2012-16 period (24.4% vs. 28.9%) (Figure 4a). Female entrepreneurs were more likely than male entrepreneurs to offer new products and services over this period (25.6% vs. 23.8%), but both women and men were below the EU average. Older entrepreneurs were the most likely social target group to offer new products and services (30.0%), followed by youth (27.0%). Research conducted for the EU Commission using CEDEFOP data produced in 2016 shows that even in the IT sector, the bulk of business activities do not related to innovation but rather the servicing of existing products and the creation of new versions of existing products (Ghinararu, 2016).

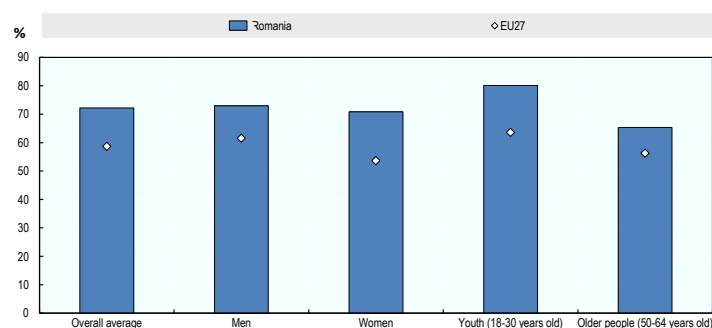
However, Romanian entrepreneurs were more likely to have customers in other countries. Between 2012 and 2016, nearly two-thirds of entrepreneurs (65.0%) reported selling to foreign customers, which was above the EU average of 58.6% (Figure 4b). Youth entrepreneurs were the most likely group to sell to customers from abroad (68.9%), but women entrepreneurs (64.1%) and older entrepreneurs (63.3%) were not far behind.

Figure 4. Self-employment and entrepreneurship activities by target group

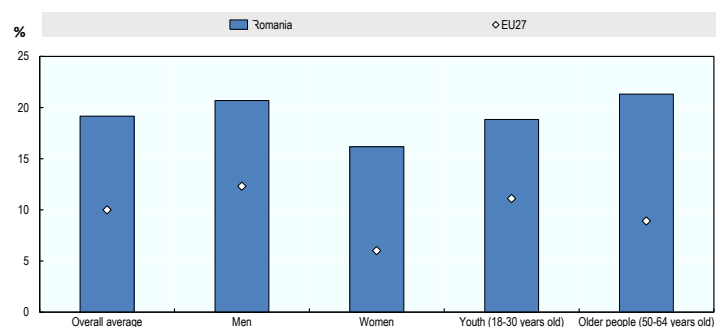
a. Proportion of new entrepreneurs whose products or services are new to all or some customers and who have few or no businesses offering the same products or services, 2012-16



b. Proportion who sell to customers in another country, 2012-16



c. Proportion of early-stage entrepreneurs who expect to create more than 19 jobs in 5 years, 2012-16



Note: Data were pooled for the period 2012-16. Responses were weighted to reflect the population in each year, but no weighting was used when pooling the time series data, i.e. all years have the same weight regardless of the sample size in each year. The EU27 average covers all EU Member States except Malta.

Source: GEM (2017), special tabulations of the Global Entrepreneurship Monitor's household surveys from the 2012 to 2016.

Overall, new Romanian entrepreneurs were much more likely than the EU average to expect to create at least 19 jobs in the first five years of their business, despite being less likely to offer new products and services (Figure 4c). Older entrepreneurs were the most likely to expect to create at least 19 jobs (21.3%), which was 2.5 times greater than the EU average. Youth and women entrepreneurs were also very likely to expect to create a substantial number of jobs (18.8% for youth and 16.2% for women).

3. ASSESSMENT OF CURRENT AND PLANNED INCLUSIVE ENTREPRENEURSHIP POLICIES AND PROGRAMMES

3.1. Policy framework

Policy priorities on SME and entrepreneurship policy are outlined in the Romanian Strategy for the development of small and medium enterprises (SMEs) and improving the business environment in Romania - Horizon 2020 from 2014-2020. The strategy aims to strengthen the institutional and regulatory framework to enable a sustainable development of the SME sector in a transparent and stable business environment. The RGSDSMEBE 2020 includes 32 policy measures addressing all policy areas under the Small Business Act (SBA) focusing on access to finance, responsive administration and entrepreneurship. Priority areas include:

1. Support and promotion of entrepreneurship;
2. SMEs access to adequate funding;
3. Innovative SMEs;
4. Access to markets and internationalisation of SMEs; and
5. Reactivity of public administration to the needs of SMEs.

The Strategy is, however, a generic SME and entrepreneurship strategy. There are no clearly defined objectives related to the target groups of inclusive entrepreneurship, but some of the target groups are referenced in the Strategy: women, youth, legal immigrants, the unemployed, people leaving the social welfare system, people with disabilities, and people living in rural areas. Seniors are not mentioned. The policy measures include the following:

- Start-ups support, focusing on sectors with creative potential in rural areas;
- Support the development of entrepreneurship education at all levels and stimulate social entrepreneurship;
- Entrepreneurial support programmes (i.e. coaching/mentoring, assistance/counselling, role models, etc.), including tailored for vulnerable or disadvantaged social groups (i.e. women entrepreneurs, young people, legal immigrants, unemployed, people leaving the welfare system, people with disabilities, etc.);
- Increasing the access to micro-finance for SMEs operated by people from vulnerable and disadvantaged groups (e.g. women, youth, people with disabilities, etc.).

The Strategy is supported and implemented by a number of key stakeholders. DSMEBET is primarily responsible for the strategy at national level and is appointed by the government as a key body to monitor the implementation of the strategy. The assessment of the strategy implementation progress includes the following stages: (i) a first review will take place after two years of implementation, followed by concrete measures for improving outcomes; (ii) a second revision takes place after the next two years; and (iii) an ex-post evaluation of the results is conducted at the end. At present, there is no public information about the completion of the first revision of the strategy.

In 2009, according with Decision no. 65/2009 of RG, the AIPPSME was founded through the reorganisation of territorial offices for SMEs as a public institution with legal personality under the MSMECEBE which is in charge of government policy relating to the implementation of projects and

programmes for SMEs to encourage and stimulate their establishment and development. The AIPPSME supports the technical and financial implementation of projects and programmes supporting the creation of new businesses.

In addition to the Ministry of Economy, the following ministries are of importance in designing inclusive entrepreneurship policies: The MLFSPEP is responsible for ESF and MARD for agriculture funds.³ Also, there are several agencies subordinated to MLFSPEP with particular importance for specific target group: NAEOWM for women, EYER for youth, NAE for unemployed, and NAPD for people with disabilities.⁴

Monitoring is foreseen in most policies and programmes. In the case of programmes financed from the national budget, specific procedures exist for each programme and each procedure contains a monitoring section. Regularly monitored are budget expenditures, the number of participants, expected results and indicators and their matching with the established targets at national level. There is no evidence about participant satisfaction monitoring.⁵ In the case of programmes financed from EU funds, the 2007-13 programmes are in a continuing monitoring and evaluation phase (ongoing evaluation), which focuses primarily on the results of the programmes and the impact of the projects at completion. For the 2014-20 period, there are no released funding programmes on inclusive entrepreneurship yet.

3.2. Government regulations

The establishment and functioning of the SME sector in Romania is regulated through the Law no. 346/2004 on the creation and development stimulating of small and medium enterprises, with subsequent amendments, and the Company Law no. 31/1990 with subsequent amendments. Further important regulations are the Government's Emergency Ordinance no. 44/2008 on economic activities developed by authorised individuals, individual enterprises and family enterprises, with subsequent amendments; the government's Emergency Ordinance no. 6/2011 for stimulating the creation and development of microenterprises by entrepreneur debutants in business, approved with amendments by Law no. 301/2011, with subsequent amendments, and the Government Decision no. 96/2011 approving the Methodological Norms for the application of the Government's Emergency Ordinance no. 6/2011 for stimulating the establishment of microenterprises by young entrepreneurs, with subsequent amendments.

Administrative procedures and requirements have been simplified for all businesses and self-employed people and general information on how to comply with administrative requirements is provided to all entrepreneurs through DSMEBET from the Ministry of Economy. There are several agencies of particular importance regarding the provision of information to special target groups: NAEOWM provides information for women, EYER for youth, NAE for the unemployed, and NAPD for people with disabilities. As of 2016 through an amendment to the Unemployment Insurance Act, the NAE has started offering profiling services, especially for the long-term unemployed and the NEETs. Through a programme financed by the sector operational programme Human Resources Development 2007-13 (POS DRU) the NAE jointly with the National Labour Research Institute (INCSMPS) have developed an instrument for the anticipation of the demand and supply for skills which makes extensive use of opinions voiced by the entrepreneurs through an electronic platform

³MEF, [on-line], <http://www.fonduri-ue.ro/>; MLFSPEP, [on-line], <http://www.mmuncii.ro/j33/index.php/ro/>; MARD, [on-line], <http://www.madr.ro/>

⁴ MLFSPEP, [on-line], Available: <http://www.mmuncii.ro/j33/index.php/ro/>

⁵ RG DSMEBET, [on-line],: <http://www.aippimm.ro/categorie/programe/proiecte-proceduri-implementare-2016/>.

(i.e. quantitative forecasts may be thus adjusted by accounting for the opinions voiced by entrepreneurs). The NAE is also operating an integrated data base for the NEETs.

Romania is in line with the EU average regarding the SBA principle “Responsive administration.” Romania has particularly improved on tax payments and tax regulations thanks to the modernisation of its tax collection system in recent years. However, much more needs to be done to facilitate SMEs’ interaction with public authorities by using electronic systems, applying the SBA principle and creating a functioning point of single contact.

The Romanian social protection system does not treat entrepreneurs, including from under-represented and disadvantaged groups, any different to employees as far as coverage by mandatory social security schemes. While self-employed persons are eligible for unemployment insurance via voluntary contributions, they are fully covered by all social security schemes available to employees, such as health insurance, the pension scheme, and parental allowance and the illness and work injuries and accidents scheme. The only exception that is made by all of the main acts on social insurance (i.e.: the unemployment insurance act – Law no.76/2002 with subsequent amendments, the unitary pensions’ law – Law no.263/2010 with subsequent amendments and the health insurance act – Law no.95/2006 with subsequent amendments) for the self-employed working in agriculture which are defined as “people with individual farms” as well as for the so-called contributing family workers, which are exempt from any such contributory obligation (they are also, as a corollary, not covered) but which may opt for voluntary coverage via voluntary payment of contributions which is possible in all major social protection systems.

Financial incentives such as reduced social security contributions are available for business creation by unemployed people. In accordance with the Unemployment insurance act, Art. 86, there are investment loans available for starting up a business, for corporate units, family associations and ANPs creating new jobs. The maximum period is three years with an interest rate of half of the reference rate of the National Bank of Romania.⁶ Under this facility, loans are granted based on feasibility studies, conditioned by the number of jobs that would be created. Further, under the same jurisdiction, grants are available for SMEs, co-operative units, family associations and ANPs if they create jobs for unemployed and keep them in business at least for four years.⁷

3.3. Financing entrepreneurship

In order to increase SMEs’ access to loans and guarantees from 2014-2020 ERDF allocations (totalling EUR 100 million), the uncapped guarantee instrument developed under the Operational Programme SME Initiative (SMEIOP) will be implemented and 2 500 SMEs will be financially supported. In 2016, with allocations from the State budget, the implementation of the national programmes supporting 610 SMEs, continued. The total value of the guarantees granted was LEI 75.2 million (approximately EUR 16.3 million) for all the contracted loans totalling LEI 222.7 million (approximately EUR 48.2 million). In Q2/2017, MPF will promote the legal framework for the implementation of the SME Invest Programme to support SMEs by loans guarantees.

The supporting actions of innovative SMEs will continue by stimulating the creation and development of additional investment capacity for private capital (mezzanine capital, venture capital for growth), following the adoption of Law No 120/2015 on stimulating individual investors –

⁶ Law no. 76/2002 on the unemployment insurance system and employment stimulation with subsequent amendments, [on-line], Available: <http://www.anofm.ro/legea-nr-762002>

⁷ Idem.

“business angels”.⁸ In December 2016, the initiation of the *de minimis aid* scheme for the support of companies through investments made by individual investors under the provisions of the Law No 120/2015 was approved. The scheme is about to become operational in Q3/2017. In addition, the financing agreement with the EIF was signed, which will create a Fund of funds in the form of venture capital with a total budget of EUR 59.3 million from ERDF over the period 2014-20.

In order to increase the enterprises’ (especially SMEs) accessibility to financing, by the end of Q2/2017, the structural instruments information centre and the seven regional network points established at the level of the RDAs will be operational.

The Sovereign Development and Investment Fund (SDIF) will be created to develop and finance cost-effective and sustainable investment projects in competitive sectors, through direct or joint venture with institutional or private investors. By the end of the Q3/2017, the draft Law on the establishment of the SDIF will be approved by the Government.

Since the beginning of 2017, new tax incentives have been put in place to support enterprise development, including: the extension of the reinvestment profit for an indefinite period; modification of the micro-business taxation system; change of the VAT regime for farmers (which allows them to benefit from a lump-sum compensation for the purchase charge) exemption from income tax of individuals which performs seasonal work.

A new programme called START-UP NATION, has been put in place by the Government as of 2017. The state budget allocates a total of around RON 1.7 billion (approximately EUR 370 000). for small business provided that they hire personnel and retain them for at least a period of two years. The grant available for each business applying is set at a maximum of RON 200 000 (approximately EUR 43 200). Up to June 2017, 47 applications have been received.

The previous multiannual programmes for supporting youth (START), women with entrepreneurial ambitions (WOMEN) and the diversification of the rural economy by promoting the creation and development of SMEs in non-agricultural sectors (RURAL) have been preserved. One more programme has been added. Grants are now also available to the whole population regardless of age for debutants entrepreneurs performing for the first time an economic activity through a debutant limited company (SRL-D, former YOUNG DEBUTANTS). At the national level in 2016, WOMAN MANAGER targeted 20 beneficiaries, START 141 people, and RURAL had a participation of 207. The decision for a grant is made based on the scores obtained in the evaluation of business plans submitted online; the number of jobs to be created, and the completion of a course in entrepreneurship. No evaluation of these schemes has been carried out yet.

⁸ A public policy initiative to support business enacted through law no.120/2015 provides for its legal framework. In accordance with the Law individual investors financing companies at the beginning of their activity benefit from tax exemption on dividend income over a period of three years if the company receiving the funding is a limited company and exists for not more than three years. Funding is done through the provision of a loan without interest over a period of more than three years under the condition that the loan amounts received by the beneficiary company are used only for core business activity purposes. As a result, private sector initiatives to support business angel networks appeared. One of those is *BusinessAngels.ro*, a private initiative that created a network through a dedicated website to facilitate the interaction between entrepreneurs seeking finance and financiers, and published a funding guide to support entrepreneurs. Any interested person with a business idea can submit this idea online through the website to the Business Angel network, which includes a broad portfolio of investors willing to fund start-ups in various fields. There is a small fee for this service (EUR 9.99).

Regarding microfinance, the Romanian microfinance sector has been growing since the adoption of the Microfinance Companies Law (Law no. 93/2009)⁹ and become the fifth most active microfinance sector in the EU. Pilot programmes funded from the national and EU budget are the Romanian Microcredit Facility (RMC), JEREMIE, JASMINE and Progress Microfinance. A positive characteristic of the Romanian microcredit sector is, according to the “Microfinance for SMEs in the Black Sea Economic Cooperation Region” Report, “the fact that most of the component entities have already reached operational and financial sustainability, and have good growth potential” (Szabó, 2014). Some microfinance institutions also provide other support such as training or coaching and mentoring. ROMCOM for example provides in partnership with a local university two types of business training services: open workshops for business people, and customised training solutions within internal seminars.¹⁰

Aimed at increasing competitiveness of SMEs in sectors identified by the NSC and the Regional development plans, the 2014-20 ROP, with a total budget of LEI 1 056.5 million (approximately EUR 228.4 million), will finance the investment projects of micro-enterprises in the urban area (in the calls for projects launched in 2016, 1 944 projects were submitted totalling LEI 1 660.9 million (approximately EUR 360 million). At the same time, ROP will support approximately 100 SMEs for the creation and extension of advanced production capacities and services development, corresponding to an allocation of LEI 872 million (approximately EUR 188.5 million). Up to April 2017, eight projects have been submitted with a total value of approximately LEI 28.8 million (approximately EUR 6.2 million).

Overall, there is quite a wide and comprehensive array of financial support for business creation available for youth entrepreneurs, young graduates, the unemployed, and women. Migrants are not particularly targeted by start-up financing programmes but beneficiaries of asylum and/or refugee status are entitled to the same provisions as the Romanian citizens under the Unemployment Insurance Act (Ghinararu, 2016). Inward migration on a significant scale has not yet been an issue, so there are no specific programmes targeting it. However, there is a policy gap with regard to senior citizens. The Romanian microfinance sector, although quite well-developed in general, is constrained by the lack of lending funds, complicated procedures and a lack of access for the target groups of inclusive entrepreneurship. No dedicated public or public-private loan guarantee schemes directly addressing inclusive entrepreneurship have been established yet but public guarantee schemes are under development. Financing and assistance are becoming more readily available for inhabitants of the rural area, in itself a disadvantaged group on the market.

More targeted programmes should thus be established and also the scale of the ones already in place under be augmented using both national funding as well as EU co-funding available to Romania in the frame of the 2014-20 financial programming period. A centralised information portal could further be of use in order to ensure easy access for the different target groups and make sure that the system is not too fragmented. It has to be said however that numerous such instruments have been developed by the various beneficiaries of structural funds during the 2007-13 programming period. A bettered use of the information resulting from the application by the management authorities of the EU regulation relating to the *ex-post* and sustainability monitoring of the projects financed could yield interesting results upon which one may build further action. New forms of funding for a social impact should be identified and implemented.

⁹ Law no. 93/2009 regarding non-banking financial institutions, published in the Official Gazette, Part I no. 259 of 21 April 2009, [online], available at: http://www.dreptonline.ro/legislatie/lege_institutii_financiare_nebancare_93_2009.php

¹⁰ ROMCOM website: <http://en.romcom.ro/>, [May 10, 2016].

3.4. Entrepreneurship skills

To support the development of entrepreneurship skills, the national government launched new calls for proposals in 2016 to support youth, the Roma, as well as the unemployed (non-competitive allocation to be accessed only by the National Agency for Employment).¹¹

New measures supported by the national budget have been introduced and a part of these are covering both entrepreneurship financing and entrepreneurship skills for the target groups of inclusive entrepreneurship. These programmes have been described during the finance section and cover START for youth, WOMAN MANAGER for women and RURAL for rural people. As noticed in the section on inclusive entrepreneurship financing, programmes are relatively small scale.

Dedicated and tailored entrepreneurship coaching or mentoring programmes are only available for women. The MENTORnet initiative (“Romanian Network of Mentors for Women Entrepreneurs”) was developed under the European Network of Mentors for Women Entrepreneurs, and implemented by the Young Entrepreneurs Association in Romania in partnership with the Agency for Implementation of Projects and Programs for SMEs and the National Women’s Business Ownership in SMEs. It selected 14 successful female entrepreneurs that acted as mentors for 55 women entrepreneurs in order to increase the role of women in business at national and European level.¹²

A new national initiative is particularly relevant in this case: “Romania HUB”. The “Romania HUB” Programme, an initiative of the former DSMEBET (GDEPSMEPI), supports the creation of a common platform for developing entrepreneurship. Its aim is to encourage collaboration and partnerships among about 30 stakeholders such as governmental organisations, NGOs, educational institutions and private entities. The programme includes a series of workshops: “Closer to the young”, “Start Up Day”, “Networking Day”, “Webinars - Group Counselling”, “My first entrepreneurship course”, “I want to be an entrepreneur”, “state closer to SMEs”, “Promoting research results and products that can be transferred in business technology”; a national tour to promote successful entrepreneurship and a support programme for creating web platforms to promote education and training opportunities for young people (especially entrepreneurship and entrepreneurial education). In addition, it supports partnerships between the private sector and schools to conduct practical training sessions for teachers to improve their professional skills entrepreneurship.¹³

Business consultancy and advisory services for entrepreneurs from under-represented and disadvantaged groups are widely integrated in programmes and projects related to entrepreneurial training. In the case of ESF-supported actions, generic business consultancy and advisory services are available and a proportion of participants are guaranteed to be from the following target group: women, youth, unemployed, rural people. Otherwise, generic business consultancy and advisory services (i.e. for the whole population) are available and can be accessed by members of the target groups.

Business incubators are available to the general population and can be accessed by members of the target group. There is a national budget related scheme called “The national multiannual program

¹¹ However in accordance with the provisions of the Applicant’s Guide the NAE may select for implementation various partners. Partners have nevertheless to present for selection a fully-fledged implementation plan of the project, including both technical as well as financial details.

¹² MENTORnet, [on-line], <http://mentornet.ro/>, DSMEMET, [on-line], <http://www.aippimm.ro/articol/proiect-reteaua-nationala-a-mentorilor-antreprenoriatului-feminin/reteanua-nationala-a-mentorilor-antreprenoriatului-feminin-mentornet-2>

¹³ DSMEMET, [on-line], Available: <http://www.aippimm.ro/categorie/programe/programul-romania-hub/>

for the creation and development of business and technology incubators” that provides *de minimis aid* for the establishment of new business incubators in proximity to a large company and for developing existing business incubators. For 2015, it was estimated that grants were given to at least 100 SMEs, and that three new incubators and 1 existing incubator received funding.¹⁴ The programme started in 2002 but has not been very successful. Between 2005 and 2013, 11 business incubators were opened, 203 companies were incubated and 368 jobs have been created.¹⁵

The analysis shows that entrepreneurship training and education remains a challenge in the Romanian context. There are no dedicated and tailored entrepreneurship training programmes for seniors, people with disabilities and immigrants. A policy gap remains regarding dedicated and tailored coaching or mentoring programmes that use coaches and mentors from the inclusive entrepreneurship target group except women. No business consultancy and advisory services for entrepreneurs from under-represented and disadvantaged groups exist yet. The quality of current support could be improved addressing these aspects. Introducing compulsory entrepreneurship training covering basics of business start-up and widening access to a much larger number of beneficiaries from inclusive entrepreneurship target groups would be beneficial in supporting their entrepreneurial mind-sets.

3.5. Entrepreneurial culture and social capital

Entrepreneurship is widely promoted as a potential career pathway in media through many ESF-supported actions. Women, youth and rural entrepreneurs are widely showcased as success stories and role models. There are numerous examples of messages of inclusion promoted in media, especially related to women entrepreneurship. The delayed launch of calls under the new EU funding periods poses a challenge to the continuity of these measures.

Inclusive entrepreneurship and different models of entrepreneurship is recently more widely promoted in media in Romania. Several shows both on the national TV station (TVR 10) as well as on private national TV stations such as the PRO TV, ANTENA 1, ANTENA 3, Radio Romania 1, Europa FM are hosting shows whereby successful examples of entrepreneurial, business or innovative and creative practice, especially by Romanian run SMEs or by SMEs promoting and developing indigenous products and services are highlighted. Although there are still steps to be made in order to properly and perhaps more aggressively promote entrepreneurial education in schools, including perhaps through the introduction of a special subject of study, information provided through other topics of study provides nevertheless sufficient information to the students in both the general as well as in the VET route of initial education to make an informed choice and eventually to go for entrepreneurship. It is as such to be mentioned that all schools have to provide mandatory access to counselling and guidance services which are provided either by the schools themselves, provided that they have the necessary and qualified staff, or by the county (i.e. “judet”, Romania is administratively divided into 41 “judets” plus the capital municipality of Bucharest) school inspectorates. During counselling sessions students may ask for information on entrepreneurship or such information may be provided to them during career information sessions.

¹⁴ DSMEMET, [on-line], <http://www.aippimm.ro/categorie/programe/programul-incubatoare/>

¹⁵ Start-up café magazine, [on-line], Available: <http://www.startupcafe.ro/stiri-afaceri-20987549-legea-incubatoarele-acceleratoarele-afaceri-fost-aprobata-schimbari-aduce-pentru-micile-firme-nou-infiintate.htm>

4. POLICY RECOMMENDATIONS

Evidence of strong progress made by Romania in strengthening inclusive entrepreneurship is already in ample supply. However many challenges do remain both in the short- and long-term. The following suggestions are aimed at providing a supportive frame for the further development of inclusive entrepreneurship policies and programmes in Romania:

1. *Develop action plans for entrepreneurship support for key target groups of inclusive entrepreneurship support* (i.e. women, youth, older people, the unemployed and migrants). Concrete objectives have yet to be established for policies and programmes that support under-represented and disadvantaged groups in entrepreneurship. The objectives of the SME Strategy should be translated to objectives for the different target and an action plan would help prioritise key actions and ensure that programmes are implemented into a cohesive support system. It is also important to use the action plan to strengthen linkages between ministries, agencies and non-governmental organisations.
2. *Create a single information space covering each of the key target groups.* While several programmes and initiatives exist for the different target groups, information is scattered and no dedicated portal exists which would provide an overview on all support measures for the individual groups addressed by inclusive entrepreneurship. A better assessment of what has been achieved in this respect in the frame of the SOP HRD could yield interesting results and work so as to better harness the potential of what has been currently achieved as a building block for future attainments.
3. *Render operation “special” funds and micro-credit schemes for inclusive entrepreneurship and align with training and business advice.* Support is already available for women and youth, its scale is however still relatively low. Dedicated schemes are being developed for the different target groups such as micro-grants and micro-credits for people living in rural areas; seed-capital funds to support the creation of new micro-enterprises by young people; and venture capital funds to finance start-ups and innovative projects in cutting-edge industries. Entrepreneurial skills training should be closely aligned with financial support in order to increase the success rate of entrepreneurs. More could be done with existing funding for the rural people which should be Romania’s are of primary concern when coming to entrepreneurship.
4. *Develop and deliver business consultancy and advisory services for entrepreneurs from under-represented and disadvantaged groups through dedicated initiatives.* The Youth Guarantee initiative is a useful example of how groups at a disadvantage may be targeted and supported, within a comprehensive framework while smartly using a combination of both national and EU funding. The Youth Guarantee centres established through this scheme are as such a useful example for the provisions of integrated consultancy and advisory services for a group at a disadvantage on the labour market. This example of good practice may be further advanced and replicated.
5. *Promote EU best practices on senior-youth entrepreneurship skills initiatives.* The development of senior-youth entrepreneurship networks in Romania similar to those in EU should be encouraged in order to support both groups in entrepreneurship and help advice and experience on entrepreneurship to be passed on from older to younger generations. In this case a good example is the application of the traineeship act (Law no.334/2014) which provides for mentoring coupled with financial facilities for those enterprises that hire young

graduates for the first six months after finalising their university studies. While this initiative seeks to encourage youth employment as well as the exchange and experience and practice between generations in the world of dependent employment its design may be extended successfully to entrepreneurship and entrepreneurial mentoring.

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ANNEX: METHODOLOGY

Each note was prepared by a national expert in co-operation with the OECD Secretariat. Information was collected through desk research and interviews (i.e. telephone, face-to-face, email) with key stakeholders and government representatives. The information was then verified by government partners, programme managers and other inclusive entrepreneurship stakeholder groups through email exchanges and one-day seminars in selected countries.

The notes are based on an assessment framework that was developed by the OECD Secretariat. The assessment framework provided a common analytical framework and report structure for the 28 notes that are in this series.

The framework contains 5 pillars:

1. Policy framework

- Is there an entrepreneurship strategy or action plan that explicitly covers the promotion and support of entrepreneurship for people in under-represented and disadvantaged groups?
- Is there a mechanism for co-ordinating inclusive entrepreneurship policy actions across relevant national ministries, and with regional and local governments and civil society organisations?
- Is there a systematic monitoring and evaluation process for the policies, programmes and schemes that promote and support entrepreneurship for people in under-represented and disadvantaged groups?

2. Government regulations

- To what extent are entrepreneurs from under-represented and disadvantaged groups treated equally with employees by social security schemes?
- Do measures exist that temporarily cover the loss of state income supports (e.g. unemployment benefits, disability allowances) for entrepreneurs amongst under-represented and disadvantaged groups when they start a business?
- Do measures exist to support under-represented and disadvantaged entrepreneurs in dealing with administrative procedures for entrepreneurship amongst under-represented and disadvantaged groups (e.g. information provision, support with administrative requirements)?
- Are there any entrepreneurship policy initiatives or schemes to address group-specific institutional challenges related to dependents (e.g. childcare, eldercare)?

3. Financing entrepreneurship

- Are there grants for business creation offered to support entrepreneurs from under-represented and disadvantaged groups?
- Is microcredit for business creation available to support entrepreneurs from under-represented and disadvantaged groups?
- Are there loan guarantee schemes for business creation to support entrepreneurs from under-represented and disadvantaged groups?

- Are there self-financing groups for business creation to support entrepreneurs from under-represented and disadvantaged groups?
- Are there public policy schemes that encourage and support business angel networks to support entrepreneurs from under-represented and disadvantaged groups?
- Are there schemes that encourage and support crowdfunding and peer-to-peer lending to support entrepreneurs from under-represented and disadvantaged groups?
- Is financial literacy training offered to support entrepreneurs from under-represented and disadvantaged groups?

4. Entrepreneurship skills

- Are there entrepreneurship training initiatives for entrepreneurs from under-represented and disadvantaged groups?
- Do high potential entrepreneurs from under-represented and disadvantaged groups have access to one-to-one or group coaching and mentoring?
- Are there public initiatives that provide information on available support programmes or on business start-up procedures for entrepreneurs from under-represented and disadvantaged groups?
- Are there business consultancy and advisory services for entrepreneurs from under-represented and disadvantaged groups?
- Are there business incubators for entrepreneurs from under-represented and disadvantaged groups?

5. Entrepreneurial culture and social capital

- Is entrepreneurship actively promoted as an employment opportunity amongst under-represented and disadvantaged groups through the education system, media, role models, etc.?
- Are there public policy actions that attempt to build specific business networks for entrepreneurs amongst under-represented and disadvantaged groups?