

GENERATION Y: INTERCONNECTED AT LOCAL LEVEL WITH ROMANIAN ENTREPRENEURIAL TRENDS

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Abstract

Entrepreneurship is now recognized as the fundamental economic basis for development of the country. It is considered as an active, determinant and orientated factor of the development of national economy. International business circles approach entrepreneurship as the driving force, aspiring towards globalization, ensuring the flow of goods and services.

The objective of this study is to conduct a comprehensive analysis of Romanian entrepreneurial ecosystem as well as motivating and supporting Generation Y in developing entrepreneurial initiative. Small Businesses represent the future of Romania. Own business offers the opportunity to express abilities and talent, for the application of the professional experience, for personal development.

The purpose of this scientific approach is to propose a comprehensive analysis through a questionnaire distributed to the representatives of Generation Y from “Stefan cel Mare” University of Suceava. The survey had 118 respondents between 20-35 years old, students of local University, of which were validated only 100 questionnaires and followed the way the younger Generation Y, regards entrepreneurship as a possible launch rail, on the labor market or even more, if it has been involved in the development of business environment, supporting and generating start-ups and designing trends and policies to encourage the prospective young entrepreneurs.

Key words: *Generation Y, entrepreneurship, business environment, economic development, entrepreneurial education.*

JEL Clasification: *M13, M21, O12.*

I. INTRODUCTION

In the context of a political and economic climate in continuous motion at the global level, influences such as economic crisis in 2008, wars throughout Asia, North Africa and more recently in Central and Eastern Europe, make the business environment an environment increasingly unstable, that the public sector and the national authorities of a country can control limited, only in certain circumstances. The functions of resuscitation and stabilization are distributed to the entrepreneurs, business people and private sector, which undertakes these tasks, in the context of the enlargement of the market economy and capitalism on a global basis.

Given these assumptions, our research goal started from the need of jobs in Romania for the current generation, a generation which was born in the last years of communist regime and even less after it's fall, which was grown, educated and formed in the early years of the capitalist world, in which the globalization has begun to make its effects felt through advantages - bringing us employers as multinational companies, countless travel opportunities for business or holidays, chains of stores and hypermarkets where we can buy food or everything we want, but also through disadvantages, since the borders were opened, competitiveness has increased and our products has no longer good enough in comparison with other. We have lost the largest part of production and we have started to import. For this reason, we have turned from producers and exporters during the communist regime, in importers and consumers in a capitalist regime. Many jobs have been removed, others have been created. But was it enough? Obviously not and the freedom of borders and globalization have led also to the migration of population, not just of goods. Those people who remained without jobs have seen forced to leave their children at home and to go to work abroad.

In this socio-economic context, Romania has formed its new generation, Generation y, called by some researchers “lost generation”. But even so be it?

II. LITERATURE REVIEW

Entrepreneurship has enjoyed a special attention in the literature. Although, there is no universally accepted definition of entrepreneur or entrepreneurial process, specialists agree on its importance in the economic development.

In the works of Richard Cantillon and Anne Robert Jacques Turgot, there are controversies about the connection between uncertainty, entrepreneurship and property, works that deal with the essence of the entrepreneurial phenomenon. The first author emphasized in particular the anticipatory entrepreneurial function; we say function, whereas Richard Cantillon includes explicitly in the sphere of entrepreneurship, all human decisions. Anne Robert Jacques Turgot chooses for explanation and practice of the concept; she finds the production activity as a fundamental source of necessary goods existence. As a result, one person who engages in production, investing in production factors is, in this role, capitalist, but also an entrepreneur.

To Richard Cantillon, entrepreneurial function is correlated with the uncertainty of obtaining an income-profit. For this reason, namely that the entrepreneur does not necessarily produce a positive income, it is claimed, at this time, that entrepreneurship is not a factor of production.

Murray N. Rothbard is concerned about the application of entrepreneurial element in economic analysis through reconsidering the role played by anticipations. Entrepreneurial speculation takes place explicitly in value theory, through the concept of reservation request; the role of it, is, to specify more exactly how speculation constitutes a market equilibrator, compatible with "consumer sovereignty".

In his work, "The Principle Of Economics" (1890), A. Marshal, mentioned the importance of entrepreneurship, that is considered "An engine for the development of society", his opinion appertaining to neoclassical theories. He considered the entrepreneur as a supplier of goods and promoter of the processes of innovation and progress, pointing out that an entrepreneur:

- Holds the full responsibility of the business, by applying the full control on it.
- Can also be manager-entrepreneur who is responsible for both coordination of work force, management of invested capital, as well as for development of production and viability of business assuming the risk for this purpose?
- Has to look for new opportunities for innovation and modernization of products and production processes as well as reducing losses in order to minimize the costs.

Kirzner in his paper 'Competition and entrepreneurship' describe the entrepreneur as an active person that is able to identify and exploit profit opportunities ahead of others. In this context, entrepreneurship is regarded as one of the most important functions of a society, if not the most important on which is based that society.

Vesper mentions that „general scope of entrepreneurship does not only concern creating new businesses by individuals", it stating that entrepreneurship has other dimensions on the opportunities for profit, limiting waste, risk taking.

III. BUSINESS ENVIRONMENT IN ROMANIA

1) ROMANIAN ENTREPRENEURIAL ECOSYSTEM

General opinion with regard to the entrepreneurial ecosystem in the former communist countries is that they are behind other European countries and the differences between East and West are felt when it comes to the performance of the newly established companies. However, Romania has a strong entrepreneurial ecosystem despite the low level of economic development.

Contrary to general opinion, entrepreneurship is appreciated in the Romanian society, 48% of the active population expressing a wish to work on their own, compared to the European average of 37%.

Romania is on top of European countries, when it comes about the way of which entrepreneurship is regarded in society. Positive attitude toward entrepreneurship influences the probability of becoming an entrepreneur and the level of support that new companies will receive, whether it's access to funding, partners or mentors. 71% of Romanians consider entrepreneurship as an excellent career alternative, compared with only 58% of Europeans and 74% of the Romanian population thinks that entrepreneurs have a privileged status in society.

Problems arise, however, when we look at sustainability of entrepreneurship environment. Although ranked 6th place in Europe in terms of total entrepreneurial activity, with 9% of the active population being in the start-up or pre-start-up phase, over 50% of the newly established initiatives do not survive the critical period of 42 months. In this context, the focus should be on developing entrepreneurial education and improving the level of survival of existing companies.

However, a positive trend is recorded in the degree of confidence in Romanian ecosystem.

2) *LABOUR MARKET IN ROMANIA*

During the past two and a half decades, Romania has had a transitional period -from communism to democracy, from planned economy to competitive market economy, suffering a significant transformation. Has been needed to integrate into an overall context of economic reform. With these changes, labour market has undergone modification too. Later in 2007, Romania has undergone another change, namely integration into the European Union and the alignment of European rules and standards together with other Member States.

The studies and research dedicated to the development of the labour market are the reflection of the general state of the economy, demographic situation, or institutional or legislative system by which it is regulated this market.

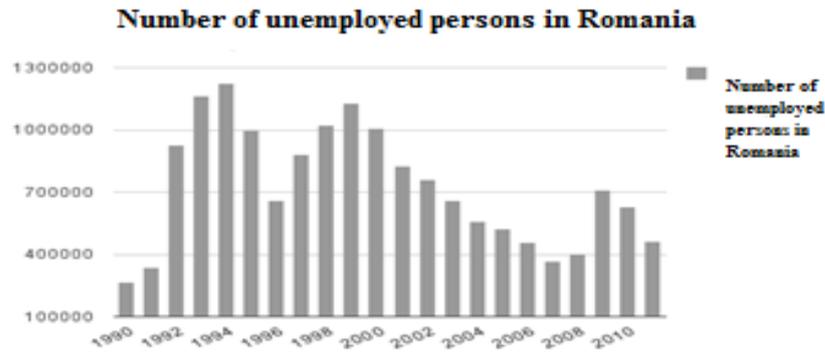


Figure 1 Number of unemployed persons in Romania 1990-2011 (persons)

Source: Figure created by authors

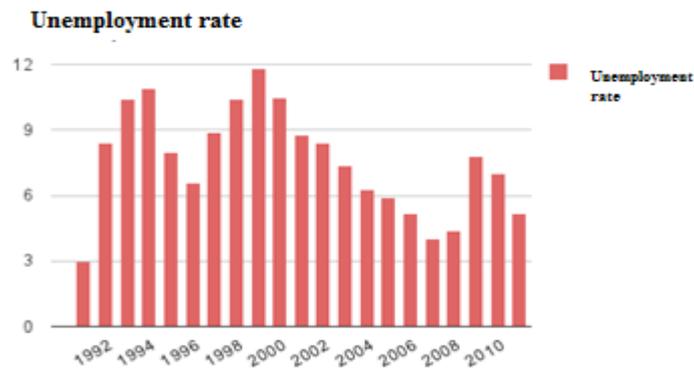


Figure 2 Unemployment rate registered in Romania 1990-2011 (percent)

Source: Figure created by authors

The number of registered unemployed and the unemployment rate are two very important factors in the labour market and for the economy of a country. The smaller these numbers are, the better for the people and the economy. In our country the rate and the number of registered unemployed has experienced huge growth after 1990s as can be seen from Figures 1 and 2, when we got out of communism and, if until then was job security, then things have changed and many Romanians have remained unemployed. This is also reflected in the figures from the charts. In 1997 the number of unemployed people decreased again, but the following year the unemployment rate began to climb up until 2000, when gradually decreased until the outbreak of the crisis. From 2007 under economic crisis effects default, rate and number of unemployed people registered again an increase. 2011 came with stabilization and then went on a downward slope of unemployment.

Unemployment rate in Romania went up to 7.2% in the last quarter of the year 2013, according to data published by the National Institute of Statistics (NIS). At the end of the last quarter of 2014, unemployment rate at national level has been 5.18 %, greater with 0.55 percentage points, than that of October 2014 and less with 0.42 percentage points than that in the third quarter of the year 2013, as shown in Figure 3.

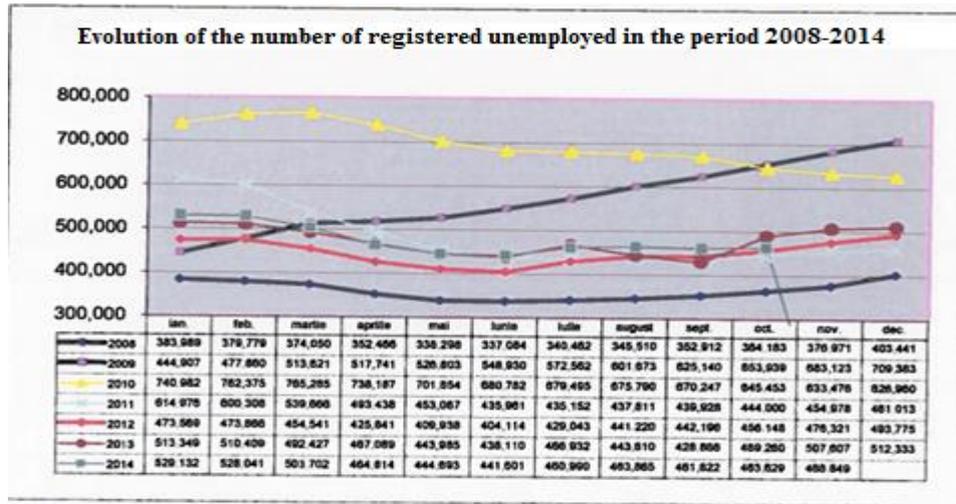


Figure 3 Changes in the number of registered unemployed in the period 2008-2014
Source: NIS, 2014

IV. ENTREPRENEURIAL EDUCATION AND THE OPENING OF THE GENERATION Y ON ROMANIAN ENTREPRENEURSHIP

'The best way you can predict the future is to create it'. Peter Drucker

Generation Y is the generation who entered into the labour market since 2005, reinvented innovation and technology, interested in the actions of social commitment of companies in which they are employed, or even that some of them have. They want to change the surrounding world. They work being connected to the internet through the latest technology, at any time they want and from a place where they feel inspired. They don't like a fixed work program, want to always know what is the purpose of work that they do, always wait a feedback from superiors and they want to contribute to the development of the company through innovative ideas. Keywords for generation Y are freedom, innovation, social responsibility, dynamism and flexibility. If they are let to make known their views and strategies, which that is more important than financial stimulation, it is very likely to capture through creativity, efficiency and competence. Some are proposed for important positions of leadership at an early age, others do not find a job because most of them do not correspond with the criteria sought by employers, or if they meet, they are not satisfied with the working conditions. That is why the unemployment rate among young people is on the rise, number of vacant jobs starts to rise too, there are plenty of labor forces, employers are searching for specialists, but the gap between these two categories is widening from one day to another. Some employers have managed to understand how the new generations act, others do not. However, what remains to be done? Entrepreneurship can be, with all its kinds of reflections, the solution for the generation of some specialists called the lost generation?

Economic, social and educational realities put in the light the need for growth and development of a new generation of entrepreneurs with characteristic skills, as well as Generation Y. These skills are absolutely necessary for an entrepreneur profile, generating specific powers with regard to the identification and implementation of appropriate strategies of economic efficiency. But these powers do not develop on their own, but in an appropriate framework. Diversification of curriculum with programs with entrepreneurial specific becomes a necessity in the context of reconsideration of educational opportunities.

Entrepreneurial education at all levels but especially on university plays a major role in acquiring key entrepreneurial competences. It has a positive impact on entrepreneurial spirit of young generations, on attitudes and availability for private initiative and finally on the role in society and economy.

In Romania, has recorded some progresses in recent years with regard to entrepreneurial training in universities, both by profile curriculum as well as through projects facilitated by the sectoral operational programme-human resources development. Entrepreneurial education in the higher education has the biggest impact on entrepreneurship, considering that, most entrepreneurs, are college graduates and entrepreneurial knowledge and good management can best develop at this stage.

Academic environment should be most favorable for the formation of entrepreneurial skills, stimulating creativity and innovation and that is why entrepreneurial formation in universities especially those of technical and economic profile is extremely important. In this context, European studies show that enterprises established by students or young graduates are the most innovative and the most ambitious in terms of turnover and number of employees.

V. V.RESEARCH METHODOLOGY

1) *THE OBJECTIVES OF THE STUDY*

The need of this research was given by the need to keep up with changes that arise from day to day. Entrepreneurs play a vital role in any healthy economy. In recent years, especially in this difficult economic context, their role has become increasingly more visible and more obvious to the general public and authorities in Romania and the rest of the world: entrepreneurs create jobs when few are thinking to make hires, they are those who see opportunities in the economic crisis and that make investments including in recession.

The study presented in this paper was held during 1st-15th October 2014. This study was carried out to find out and analyse young people's opinions and intentions, in the county of Suceava, which can be found in the statistical collectivity established for research, regarding entrepreneurship. Our analysis also aims to underline: manner in which young people were involved in the business environment; the spirit of enterprise in Suceava; development of entrepreneurial environment in Suceava; supporting generation of new business, economic growth and job creation.

2) *DESCRIPTION OF THE RESEARCH:*

We emphasize from the outset that the reduced sample of responses indicates that the results of the study cannot be considered exhaustive but can be taken into account as a picture of what some of the most active young people think about entrepreneurial education, support and involvement in the business environment.

Within the framework of this study, the total collectivity is that of persons born between 1980-1995 in Suceava County, but we proposed to research a partial collectivity, represented by the students of the University of Suceava. The proposed collectivity is represented by a number of about 9,000 students. By extraction units of partial collectivity, it has been determined a sub-collectivity of 632 subjects, elected strictly on the principle of random selection. Type of sampling used has been probabilistic sampling, using mechanical selection process based on a step-counting. For setting the step counting has been used the formula: $k=N/n$, where "N" represents the total number of students and "n" is the number of sample units. Due to variations in opportunities in selecting the components sub-collectivity, random sampling error can be reduced by increasing the number of sample size; this is not possible in the present case because of organizational and financial reasons.

So we've come to a predetermined sample of 118 persons, but at the time of the processing questionnaires have been validated a number of 100 questionnaires which were accurate and complete. The methodology addressed within the framework of research is that of quantitative paradigm, data collection taking place through statistical survey which has been developed and applied under predetermined collectivity. The questionnaire used in this survey included 36 questions and aims to identify responder's profile from a professional viewpoint and his vision about entrepreneurship. It was included closed questions like: dichotomous questions, introductory questions for identification, scale of Likert, questions with one or multiple responses. We must note that, in the proper content of the questionnaire were two areas of interest: the need for lifelong learning and entrepreneurship.

We will choose and analyze only the relevant aspects for the present research.

3) *INTERPRETATION OF SURVEY RESULTS*

For the preparation of the present research, we used official data, statistical, collected by the National Institute of Statistics, featured presented, but they reflect a general condition, at national level, drawn up after certain criteria, so, we have decided to present our own results, based on the questionnaire addressed to students and which, we think, reflect the opinions of young people around us, their wishes, needs and expectations they have for the future, from the system that formed them and where and they live in. So we will try to present you the reality seen from another angle, seen through the eyes of the youth of today.

The results and analyze of the study are presented below using tables and representative graphics.

Have you heard so far about the concept of lifelong learning (or continuous learning)?

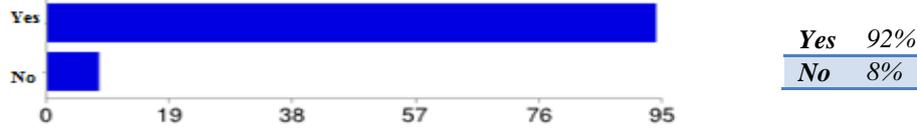


Figure 4 The expression of knowledge related to the concept of lifelong learning

Source: Figure created by authors

It can be seen that 92% of respondents, considers necessary updating the knowledge, or its completion, already hearing and informing about the concept of learning throughout life.

Have you participated so far to various projects, courses, workshops outside of school?

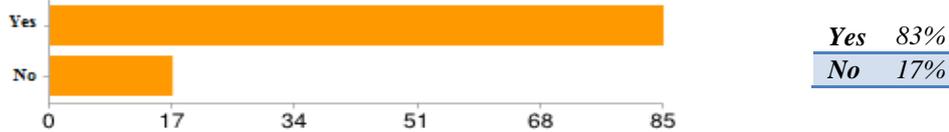


Figure 5 The frequency of participation in training programs outside of school

Source: Figure created by authors

83% of the young people participating in the research were taken into account opportunities the European socio-economic framework provides for the concept of lifelong learning and they have been active in various courses, projects, workshops outside educational curriculum.

Have you done so far traineeship of practice/ internship?

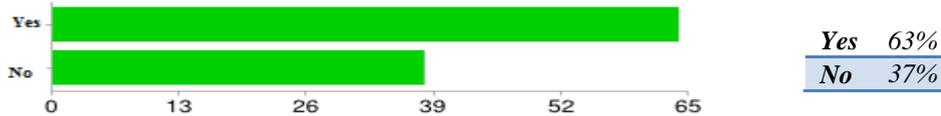


Figure 6 Attitude and perception of participation in practical traineeship /internships

Source: Figure created by authors

With regard to the internships and traineeship of practice, 63% of respondents said they have already done one, wanting it to be a first experience in their future career.

Have you ever been employed so far?

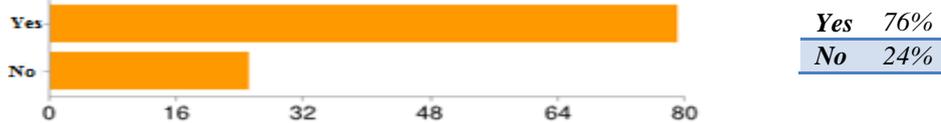
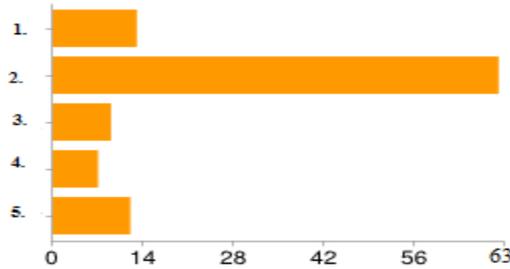


Figure 7 Employment

Source: Figure created by authors

As we can see they have already activated on the labour market in percentage of 76%, but only 51% of them work in the field of studies followed. It can be concluded that there is not a very good correlation between the education system and the requirements of the labour market.

Do you want to have your own business?



1. Yes, I intend to develop my own business within the next year	12%
2. Yes, I intend to develop my own business in the next five years, but I believe I must work first at a company to gain experience	61%
3. Yes, I already have my own business	9%
4. No, I do not wish to have my own business, employee status gives me satisfaction	7%
5. I don't know	11%

Figure 8 Intention of opening an own business

Source: Figure created by authors

As regards the intention to initiate a start-up, 61% of respondents consider that, in order to start this project in the next 5 years must gain experience first in a different company. For 12% the future projection is optimistic, wishing to develop their own business even in the next year from interviewing. 11% don't know, while 9% have already their own businesses, 7% of them don't want their status as an entrepreneur.

Which of the following factors have influenced your decision (intention) the most of starting a business?

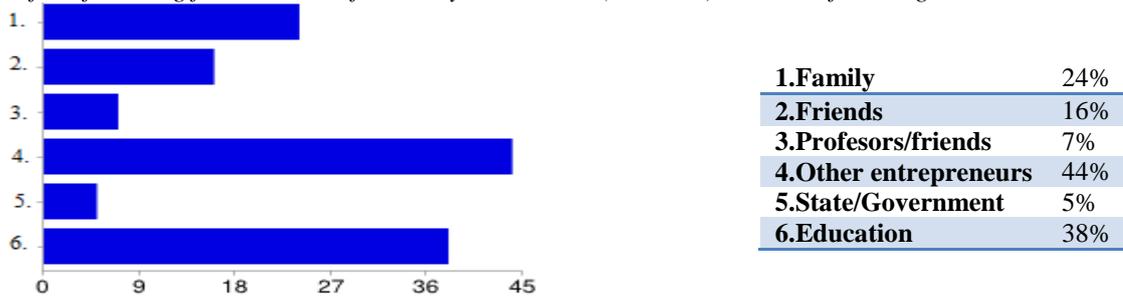


Figure 9 Determined factors in the decision to start a business

Source: Figure created by authors

Factors that have influenced the youngsters in the decision to start a business, have been models of best practice shared by successful entrepreneurs on the first place - 44%, education on the second place - 38% and family on third place, at the rate of 24%. Fewer have mattered, in deciding to start an entrepreneurial career, teachers/trainers and friends occupying last places in the youngsters' preferences. *We have to notice that was a question with multiple answers.

On a scale of 1 to 5 do you think that access to alternative financing methods (other than your own) it can be done in an easy way in Romania for young people under 35 years old who want to start a business? 1 Very difficult - 5 Very easy

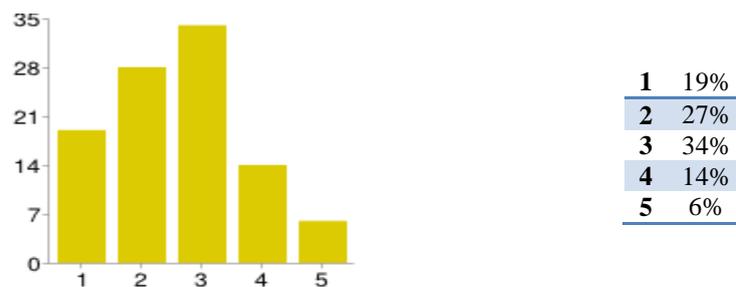


Figure 10 Perception of alternative methods of financing

Source: Figure created by authors

If we relate to alternative financing methods for start-ups, 34% of young people believe that the attraction of these funds is accessible, while 27% are of the opinion that it is difficult to use this type of financing, 19% claim that it is very difficult to obtain additional financing, instead only 20% of respondents believe that access to alternative financing methods is an easy one.

On a scale from 1 to 5, which is your opinion about the entrepreneurship, environment and its benefits in Romania for young people fewer than 35? 1 Very bad-5 Very good



Figure 11 The impact of Romanian entrepreneurship environment on Generation Y

Source: Figure created by authors

Most respondents consider that the efforts of state regarding the support to young entrepreneurs are not sufficient and effective in order to encourage the development of Romanian business environment. Substantial efforts are needed to stimulate this economic component.

VI. CONCLUSIONS

During this research, the authors found that the involvement of young people, of the Generation Y is very important, because support for entrepreneurs and those who take into account the option to become entrepreneurs, it is one of the measures that can create a strong foundation for economic growth.

The value of study, has led to some notable results for those who are and will be interested in entrepreneurial component. The training offer is made more and more visible, but it is not so accessible, as proof, the stated interest of those investigated within the framework of our study to attend such courses, for the purpose of opening their own business. Romania is among the few European countries that do not yet have a national strategy for entrepreneurial education. Although in the last 10 years, have been implemented initiatives to promote entrepreneurial education, both in the national education system, as well as under various programs of lifelong learning, actions in this direction are different, there is no coordination and coherence between them. There is a direct relationship between the investment in education and the growth of gross domestic product. What it should be the more true given that this education is oriented towards the development of knowledge, aspirations and attitudes necessary for an entrepreneur. Access to information and sharing of personal experiences in the field are also a problem for those interested in the field of entrepreneurship. The most common sources of information with regard to entrepreneurial initiative of Generation Y, are the networks of knowledge and most are looking to get in touch with the people who have succeeded and which can be subsequently followed. It should be noted that the vast majority of the generation Y is interested in entrepreneurial education, in particular with regard to the design of a successful routing of the future entrepreneur, for being able to provide a decent standard of living and financial independence. However, it is not to be neglected their views on blockages that may suppress entrepreneurial initiative: unfavorable socio-economic context, the lack of accessibility of funds, limited possibilities as regards the availability of capital required for initiation of a business.

Another signal alarm which characterizes a real situation, it is expressed by high rate of unemployment among young people in Romania. This can be explained, in addition, to the current socio-economic context, also by the irrelevance of the abilities acquired by Generation Y for the demand of the labour market.

Ending with a series of examples and summarizing, we have to note that Romania has a long way to be travelled in investment in the development of SME sector and in promoting entrepreneurial culture, as well as stimulating the emergence of new business starting with the Generation Y.

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