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ENTREPRENEURSHIP AND ITS ECONOMICAL VALUE IN A VERY DYNAMIC BUSINESS ENVIRONMENT

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Abstract

The aim of this article is to enrich the vision regarding the connection between entrepreneurship and economic growth, focusing upon an economy in transition to a market economy. The authors of the present paper have developed an empirical model – based on a constant preoccupation to observe the impact of the entrepreneurial phenomenon on the free, emerging market in Romania – model which uses a number of variables which are believed to influence the critical mass of viable business existing in a dynamic environment. The proposed model identifies the factors that need to be activated in the current context to transfer the theoretical importance of SME's in the truly complex world of an economy that desires to be prosperous. Then, the model was exposed to the test of the objective statistical and mathematical testing, starting from the results obtained from a survey of 536 entrepreneurs. The methodological approach makes use both of regression models, which use the relevant aspects from the survey, turned into quantitative or qualitative variables, and of the analysis of variance, with the aim of explaining the way in which the considered variables have managed to determine the economic growth, as well as of determining their importance and their influence. Finally, several conclusions have been outlined, regarding the economic policy measures that are needed and feasible in order to make the business environment in Romania more predictable and more friendly and, thus, to encourage entrepreneurship.

Keywords: entrepreneurship, economic development, dynamic business environment, public policy, small and medium enterprises.

JEL Classification: L26, O11, Z11

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Introduction

The Green Chart of Entrepreneurship of the European Commission (European Commission, 2003) was the first EU document that praised the virtues of entrepreneurship as being the most important factor in economy, and paved the way for Union-wide incentive programs. The Lisbon Agenda emphasized the necessity to create a favorable environment for the creation and development of small and medium-sized enterprises. It is obviously necessary to adjust the rules of the game in order to ensure a better allocation of entrepreneurial resources towards those activities that society needs to encourage in order to reach a level of sustainable growth. Although all the European Union Member States have acknowledged the importance of implementing these guidelines, the approaches and the results may vary widely from nation to nation. (European Commission, 2010).

The rules of the entrepreneurial game have changed from one historical period to another and from one place to another. As a direct consequence, the entrepreneurial behaviour has (almost strictly) changed accordingly. In different times and in different countries, policies adopted have miraculously led to the welfare of a certain nation: in Ancient Rome, in the Middle Ages, in England, in France, in the Low Countries and Spain, during Napoleon, during Hitler, in the United States, in modern China. To put it simply, the production and innovation, when politically stimulated, produce an immediate and substantial growth. But immediately, the parasite forces of this “minimum potential energy” (and hence maximum kinetic energy), such as finance costs, real estate costs and, the strongest and the most damaging of all – the political factor – would march in, reach strategic positions and ruin everything.

There is a substantial connection between the entrepreneurial density and the economic growth and progress of a nation, and the policies practiced by a state may decisively influence the growth of the entrepreneurial density.

In a more realistic approach it is discovered that: talking and declaring good intentions will not get anybody very far; the basic law of the universe is that matter tends towards the relative equilibrium state within the complex field of different forces: this is the minimum potential energy configuration. This means that, just like a metal sphere, things will tend to lie at the bottom of the available round cup. In the same way, the entrepreneurs will migrate from area A to area B, if the latter will provide more profit or, most probably – if it will require less efforts to reach their objective.

The present paper aims to advance the academic discussion and to enrich the vision about the link between entrepreneurship and economic growth in the context of an emerging free economy. The article is structured in four main sections, one dedicated to the review of the literature regarding the link between entrepreneurship and economic growth, another one is allocated for the definition of the main concepts which the entire paper is based on, after that there is the section focused on research methodology, a section which firstly presents an empirical model, which is then tested with the appropriate mathematical apparatus on a statistically representative sample and validated through a series of significant correlations and the last one, which analyses and discusses the main results that the undertaken approach has brought. The conclusion discusses the measures of economic policy necessary for the improvement of the business environment and for encouraging entrepreneurship.

1. Literature review

Historically, philosophers of science did not hold entrepreneurs in high esteem. It was assumed that they did not enhance society's well-being. Making a profit, the economic definition of the pecuniary return to entrepreneurship, was perceived as robbery ever since Aristotle introduced the persistent idea that economic activity is a zero-sum game where one man's gain is another man's loss (van Praag, 2009)

Classical economics focused on optimizing existing resources within a stable environment and treated any disruptions, such as entrepreneurial new firms creating whole new industries, as "god sent" external forces. Schumpeter created the link between entrepreneurship, innovation and growth. In his *Theory of Economic Development*, Schumpeter (1934) emphasizes the role of the entrepreneur as prime cause of economic development.

In the past decades, there has been a growing interest regarding the concepts of economic growth and entrepreneurship. On the one hand, there are several studies in the literature related to these two important notions (Ács et al., 2013; Szirmai et al., 2011; Naudé, 2011; Caree and Thurik, 2010; Walzer, 2009; Audretsch et al. 2006; Harper, 2003; Dejardin, 2000, Klepper, 1996). On the other hand, international organizations, governments and policy makers have shown a greater attention to the function fulfilled by entrepreneurship in generating economic growth.

These new evolutionary theories supported by empirical evidence, therefore state that entrepreneurship encourages growth for three reasons (Burns, 2011, p.156):

- It encourages competition by increasing the number of enterprises. Whilst this increases growth in itself, it is a cumulative phenomenon because competition is more conducive to knowledge externalities- new ideas – than is local monopoly. And so entrepreneurship encourages entrepreneurship.
- It is a mechanism for "knowledge spillovers" – transmission of knowledge from its points of origin to other individuals or organizations. Knowledge spillover is an important mechanism underlying endogenous growth, and start-ups-entrepreneurs – are seen as being particularly adept at appropriating knowledge from other sources. In other words entrepreneurs spot opportunities and innovate.
- It generates diversity and variety among enterprises in any location. Each enterprise is in some way different or unique and this influences economic growth.

Although the majority of the evidence supports the idea of the economic benefits of entrepreneurship, we should also note the distinction between productive and unproductive entrepreneurship first introduced by Baumol (1990). The author distinguished between different types of entrepreneurship and their associated contribution to society, that is, activities that create wealth (e.g., product innovation) and those which destroy it (e.g., lobbying and lawsuits).

Also Alvarez and Barney (2014) states that entrepreneurial activity does not always lead to economic growth. While improvements have been made to human capital, property rights protection, and access to financial capital- in abject poverty contexts- with the assumption that the entrepreneurial activity will increase wealth, the results have been mixed though.

2. Terms definition

Understanding the role of entrepreneurship in the process of economic growth requires the dismantling of the concept of entrepreneurship.

Although entrepreneurship is important for the economy, it is still a relatively new academic field, and, consequently, consistent and specific definitions for terms that have broad general meanings are still lacking.

The terms entrepreneurs seems to have been introduced by Cantillon (1680-1734). For Cantillon the central component of the definition of the entrepreneur gravitates around the risk assuming. For him entrepreneurs are those who are willing to buy at a certain price and sell at an uncertain price.

The progress we achieved in understanding the entrepreneurship is due to economist J. Schumpeter. He adopted a different approach, underlying the role of innovation. Schumpeter (1934) suggested that entrepreneurship occurs under five conditions of newness: new goods, new production methods, new markets, new sources of materials, or new organizations. Joseph A. Schumpeter proposed a theory of creative destruction. He described how the innovating entrepreneur challenges incumbent firms by introducing new inventions that make current technologies and products obsolete, thus driving them out of the market.

The reality is that entrepreneurship is a complex phenomenon, one that cannot be completely explained by a single set of factors. A generally accepted, and popular, process and people oriented definition of entrepreneurship has emerged. "Entrepreneurship is a process that involves the discovery, evaluation, and exploitation of opportunities to introduce new products, services, processes, ways of organizing, or markets". (Shane & Venkataraman, 2000, p.219)

In short, entrepreneurs are the agents of change, starting new firms. In an innovation-oriented or knowledge-based economy, the function of opportunity recognition and taking the risk of realizing it becomes more prominent. The act of the entrepreneur is no longer a short preface to static equilibrium but a driving force in shaping the dynamics in the economic system. (Thurik, 2009).

Thurik states also that "one of the reasons that policymakers and scholars have traditionally had little guidance in understanding why entrepreneurship varies temporally and geographically is that it is an interdisciplinary subject. Because it encompasses individuals, groups, enterprises, cultures, geographic locations, industries, countries, and particular episodes of time, it is exceptionally difficult to capture adequately. Researchers in a broad range of fields, including management, finance, psychology, sociology, economics, political science, and geography can all stake a claim as entrepreneurial experts. However, while any particular discipline may be well suited to analyze some unit of observations, none is equipped to analyze them all. These multidimensional aspects of entrepreneurship include both stock and flow variables (the number of business owners and the change of the number of entrants or exits) and cover many qualitative aspects (mom and pop entry, high growth ventures, cutting-edge technological firms, etc.)". (Thurik, 2009, p.235)

Entrepreneurship is important because it is the economic mechanism through which inefficiencies in economies are identified and mitigated (Baum et al., 2007). Small Business Administration (1998) went even further, to declare, "In short, the crucial barometer of

economic freedom and well-being is the continued creation of new and small firms in all sectors of the economy by all segments of society”.

There are other two terms that have to be defined: economic growth and economic development. Economic growth in this paper is defined as market productivity and rise in gross domestic product. Economic development is defined as increasingly sophisticated ways of producing and competing and the evolution from a resource-based to a knowledge-based economy.

3. Research methodology

The research undertaken was developed in two phases. Firstly, through careful and pragmatic observation of the premises for the development of the SME's sector in Romania and through summarizing the interviews with numerous entrepreneurs and the statistical approaches in the last ten years, an empirical model was built, one which highlights the variables considered to be important.

In the second phase, in order to check the consistency of the model and to validate the identified variables, the results of a survey conducted on a sample of 536 entrepreneurs, a figure which ended up being statistically significant, have been processed and analyzed.

The model proposes – starting from premises which have been almost unanimously embraced by all the most recent economic theories, namely that there is a clear, dialectical relationship between a country's entrepreneurial quality and density and the level of its economic development and growth – a model which underlines the interdependencies between the economic and political variables involved in the evolution of the economy and the effect the undertaken policies have on the building of a business environment favorable to the entrepreneurial approach. The model (Figure no. 1) is the result of careful and objective observation, over a significant period of time, of the evolution of the SME sector in Romania – a permanent concern of the authors.

In Romania, the context of the development of the free enterprise has been (and still is) one rather hostile and lacking the understanding of the phenomenon – which is only natural in a country where the entrepreneurial phenomenon (which was anyway delayed by 100 years in comparison with the Western countries) was suddenly interrupted and strongly disputed ideologically for almost 60 years.

The model of this article describes an emerging free market economy. In such a case, several variables should be considered significant. It needs to be said from the outset that they have been grouped in two autonomous blocks: the entrepreneurial “demography” block and the business environment block. Populating the economic environment with entrepreneurs in such a way as to ensure at least the critical mass of the “chain reaction”, that is to say, the priming of a positive economic loop, does not occur randomly. They appear if certain conditions are met: ideally, we should find ourselves in an area with an entrepreneurial tradition also connected with the idea of pride transmitted through generations of being one's own master and of “doing”. And this is not enough: the educational variable is even more important, it is not accidental that the developed countries allocate considerable resources throughout the training period in schools and universities. Education polishes the necessary skills (the innovation capacity, emotional intelligence, resistance, perseverance, the communication and relationship building abilities, vision, the resource mobilization ability,

etc.); still education has the ability of triggering in the young person that intangible ingredient without which no individual can reach their potential: motivation. This mass of individuals raised in such a spirit makes up a mass of latent entrepreneurial potential; if opportunities appear, they will generate entrepreneurs.

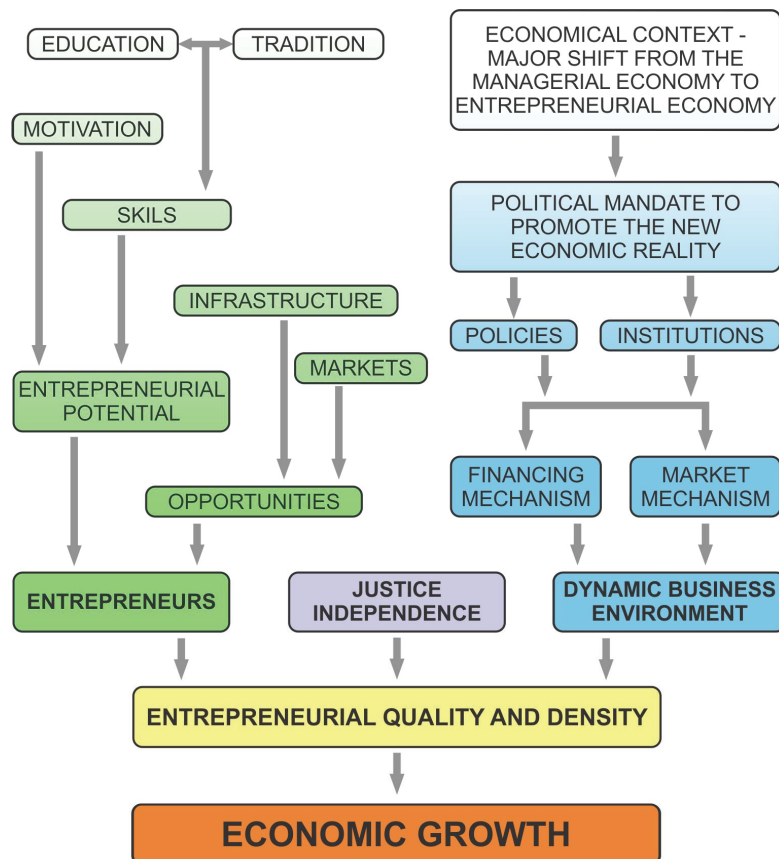


Figure no. 1: Model regarding the connection between the entrepreneurial phenomenon and the economic growth

The other block of variables concerns the business environment, which is a dynamic (turbulent and contextual) one. It is turbulent because the free market mechanisms such as: granting loans, the exchange rate, competition, the market, are not set, which makes a long or even medium term strategy impossible, just as it makes the implementation of the business plan. It is contextual because the politics is too involved in economy, because there is high-level corruption, and the state contracts are still decisive.

As far as the article's topic is concerned, Romania is on the brink of a major paradigm shift: the shift from a "managerial" economy of the great corporation to the "entrepreneurial" economy of the owner – manager. The reasons for this evolution – globalization, the market fragmentation diversification, etc., are not covered by the present study; it is happening. The policymakers need to recognize this fact and to be mandated to promote the new

reality. The more they delay in doing this, the more the society will be left behind. Policies and institutions are crucial in the issuing of the appropriate rules for such a game and in the creation of certain mechanisms for the proper functioning of the market and the financial sector. A complete, coherent and stable set of laws needs to be conceived and issued, one that will clearly and simply define the way in which the given country understands to capitalize on its strengths. Also, the fiscal policy needs to be well conceived and its subsequent changes should be made only rarely and only when they represent an objective necessity. An observation can be made regarding the important role that the financial institutions play in this economic phase in which our proposed model works: it is only natural that in an emerging economy the investment risks should be higher; this leads to a banks' reluctance to grant loans and to a higher cost of loans. This in turn poses a major hindrance for the entrepreneurs operating in such an environment in comparison with their counterparts in a developed country.

It is vital that the policy makers should take joint action to compensate this hindrance. If they don't, the given economy is condemned not only to never be able to make up for the lost time, but also to increase its gaps. Finally, between these two blocks, an essential player would be the independent justice. In this turbulent phase, with a lot of vagueness and many behavioral inaccuracies, the presence of a neutral and independent referee is essential. If the referee is asked (forced) to look the other way when some players bend the rules in their favor, or even when they change the rules during the match, the progress of society in its entirety is no longer possible. Only the consistent effort, at the level of the whole society, of pursuing the entrance in the positive loop, with the given material and human resources, will be able to lead to a stable growth and to prosperity.

The analysis was conducted by interviewing, by means of a voluntary self-administered survey, a number of 536 firms – micro, small and medium-sized, in all branches of activity, entrepreneur age groups and development areas, a sample considered to be representative for the research goals and for the situation of the SME sector in Romania, in 2013.

Due to the fact that, among the goals of the survey was the identification of entrepreneurial elements that lead to the operationalization of business, positive and negative aspects of the running of SME's, the perceptions of the entrepreneurs-managers regarding the economic environment, the vulnerabilities of activities, etc., the survey was not projected in the simple, random way, given the dimensions of different strata of the population of firms, neither was the survey proportionally stratified, an option that would entail the reproduction within the sample of the ratios of typologies in the reference population (Freedman et al, 2007). This is the reason why the survey was projected using the stratified – optimal variant, which allows the reduction within the sample of the ratio of homogenous strata, and the increase, in turn, of the ratio of heterogeneous strata, depending on the scattering degree, measured through the variance of values from the average of the characteristic (Groves et al, 2010). This way of building the sample ensures a better quality of the information and a superior degree of understanding the investigated realities. After calculations (Lohr, 1999), the size of the sample was established at 1668 units. Given the purpose of the investigation - the entrepreneurial environment characterization, it was considered necessary the elimination of the SMEs with losses (318) and those with null profit or null turnover (814), meaning those firms that didn't achieved positive results, finally obtaining a sample of 536 companies.

The investigation had a multiple goal, being conducted under the auspices of an employer's association of private enterprise (CNIPMMR), and for the present investigation, out of all the survey answers, only those were retained that were able to highlight the entrepreneurial environment in Romania, in the opinion of managers – entrepreneurs. The data processing was done using appropriate statistical software (Stata and SPSS).

Two important results were obtained from the analysis conducted through the use of the regression method: the level of a variable can be predicted, when the level of another variable with which the first is in a relationship of statistical dependence is known; the change of a variable can be estimated when the variable with which it is in a dependency relationship is modified by one unit. In order to measure the dependency of the connection between the endogenous variable and the regression factors, the determination ratio (R squared) is calculated. The regression model parameters are obtained on the basis of the observations made on a sample with determined volume, out of the population subjected to the study. Knowing the parameter estimators, information are obtained both regarding the validity of the model and the level of parameters for the entire population, out of which the sample used in the process of estimation was taken. The validation of the regression model was performed using the decomposition of the variable in comparison with the average (ANOVA). On the basis of the results thus obtained, the F statistic is calculated, which follows a Fisher distribution, on the basis of which the model is validated.

4. Results and discussion

The variables considered in the analysis, selected on the basis of the answers to the survey's questionnaires, were the following: unique identification code; number of employees; turnover; profit; loss; CAEN activity code; the manager's level of education; seniority as an entrepreneur; entrepreneur's appreciation on the overall situation of the economic environment in Romania; the possible interruption of contact with clients or with suppliers; the potential fear regarding the contemporary economic situation; considerations regarding the economic situation in Romania for next year; the evolution of certain indicators within the firm, in comparison with the previous year: the physical volume of sales, the number of employees, the stocks, the volume of orders, the number of clients, the volume of exports, the size of the profit; manager's appreciation relative to the company's activity in relation with the European Union; the ways of obtaining finance; the number of people hired during the last year; the number of work days dedicated to training; the manager assessment on activities at government level for SMEs. Within the primary processing, the qualitative variables were transformed into dummy variables.

In this paper, it was aimed to determine the influence of all these factors, objective and subjective (considered in the model factorial variables, exogenous) over the economic development, so that, at this level, we considered the profit obtained by each firm (in the model representing the outcome variable, endogenous) as part of the overall economic development, the result of entrepreneurial ability.

The combined influence of all the variables considered in the analysis over profit indicates a positive average correlation (.503) and explains a quarter of its variation (25.3%), the model being significantly statistical. Among the variables, only the numbers of employees, the turnover and the firms which organize training have a significant influence over profit, in a positive way (table no. 1). Hiring a new employee determines an increase in profit with 0.274 units, increasing turnover by one unit results in an increase in profit with 0.289 units, and the

firms allocating training for more than 6 working days on average per employee obtain a profit increased by 0.129 units compared to the firms allocating less than 6 working days.

A limited model, which has as independent variables the number of employees, the turnover, the number of years as entrepreneur and the number of employees hired in the last year confirms the extended model. The correlation is lower (0.446) and it explains approximately 20% of the profit variance (0.199). The coefficients of the variables number of employees (.293) and turnover (.267) are significant, having values which are close to those in the extended model; for the experience as an entrepreneur (-.024) and the number of new employees (-.019), the values of the coefficients, similar to those in the extended model, indicate a possible negative influence over the profit.

Table no. 1: The combined influence of all the variables considered in the analysis over profit

Model Summary					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	
1	.503 ^a	.253	.208	698894.687	

a. Predictors: (Constant), viii_1, destul_m, phd, legatura, postuniv, fav, autofin, desfin, op_maj, sm, master, mb, ani_intr, medii, ve, ca_2011, training, fm, ns, neutra, la_fel, m, vf, nc, mp, nr_sal, vc, putin, fara, universi

ANOVA ^b						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	8.359E13	30	2.786E12	5.704	.000 ^a
	Residual	2.472E14	506	4.885E11		
	Total	3.307E14	536			

a. Predictors: (Constant), viii_1, destul_m, phd, legatura, postuniv, fav, autofin, desfin, op_maj, sm, master, mb, ani_intr, medii, ve, ca_2011, training, fm, ns, neutra, la_fel, m, vf, nc, mp, nr_sal, vc, putin, fara, universi

b. Dependent Variable: profit

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	nr_sal	6218.016	1300.557	.274	4.781	.000
	ca_2011	.013	.002	.289	6.675	.000
	training	208329.156	67346.915	.129	3.093	.002

a. Dependent Variable: profit

Also, even the version in which the influence of working days dedicated to training was considered distinctly confirms the results obtained in the extended model. The correlation is weakly positive (.206) and it explains 4.2% of the profit variance. The variable coefficient (.206) is significant and indicates, just as in the extended model, the possibility of getting a higher profit for the managers who organize trainings lasting over 6 working days per employee, in comparison to those who allocate less time for the training of the employees, or none at all.

Another version only considered the influence of the manager's level of education over the profit made by the company. The correlation is weakly positive (0.154) and it explains only 2.4% of profit variance. The coefficients indicate a possible increase in profit for the managers with superior training, compared to those with elementary training.

Considering separately only the influence of variables: the overall situation of the economic environment in Romania; the possible interruption of contact with customers or suppliers; the possible fear regarding the present economic situation; considerations regarding Romania's economic situation in the following year; the evolution of certain indicators within the firm, in 2013 compared to the previous year; the firm's activity in correlation with the European Union; ways of obtaining finance; the assessment of the activity carried out at the governmental level for SME's, it was discovered that these have no important effect on the profit variance.

The entrepreneurs who consider that the overall situation of the economic environment in Romania is favorable (-0.007) could obtain a bit less profit compared to those who consider it disturbing, and those with a neutral opinion (.036) could obtain a higher profit than those who consider it disturbing. Entrepreneurs thinking about interrupting their connection with clients or suppliers (-.034) could obtain less profit than those who do not want the severing of connections. Compared with the entrepreneurs who consider that in the following year Romania's economic situation will be worse, both those who are more optimistic and believe that the situation will be better (.031), but also the balanced ones, who believe that it will remain unchanged (.024) could make bigger profits. In comparison with the entrepreneurs who perceive the European Union as a threat for the firm's activity, those who consider it as a major opportunity (-.166), but also those who believe it has no significant influence (-.181) could get lower profits. The entrepreneurs who self-finance their firm's activity (-.035) could get lower profits compared to those who use non-refundable aids, leasing, factoring or loans.

Applying the univariate analysis of variance, the results previously obtained are reconfirmed. Thus, if a model was considered having as independent variables: the number of years as an entrepreneur and the manager's level of training, this turned out to explain very little of the profit variance (R Squared = .046). Another, more consistent version (R Squared = .858), allowed the identification of a main effect of the independent variable number of employees over the profit, without also registering an effect of the variable possible fear on the entrepreneur's part regarding the present economic situation. Another model (R Squared = .857) demonstrated as a main effect over profit still the number of employees, without registering an effect in the qualitative variable the evolution of the number of employees in comparison with the previous year. In another model (R Squared = .998) we identified a main effect of the variable turnover over the profit, without there being any effect on the variable ways of obtaining finance (table no. 2).

**Table no. 2: The univariate analysis of variance results
(main effect for turnover and ways of obtaining finance over profit)**

Tests of Between-Subjects Effects					
Dependent Variable: profit					
Source	Type III Sum of Squares	df	Mean Square	F	Sig.
Corrected Model	3.301E14	486	6.793E11	53.802	.000
Intercept	5.806E11	1	5.806E11	45.988	.000
ca_2011	3.297E14	485	6.798E11	53.846	.000
autofin	3.059E8	1	3.059E8	.024	.877
Error	6.313E11	50	1.263E10		
Total	3.494E14	537			
Corrected Total	3.307E14	536			

a. R Squared = .998 (Adjusted R Squared = .980)

Conclusions

The model – empirical in the first stage of the research – was tested with the appropriate mathematical apparatus and validated through a series of significant correlations (given the commonsensical reserve of objective boundaries which research always has and which it sometimes ignores, and the particular complexity of the problem); thus, the research undertaken confirms the necessity of applying some measures of appropriate economic policy.

It could be objected that the model lacks the external component, which would seem only natural for an EU Member State, and more so for an almost 8 year old one. Taking into account the fact that, after joining the EU in 2007, hundreds of laws regulating obligations for entrepreneurs have been enforced, the survey data reveal that almost half of the entrepreneurs questioned have only partial information, and almost 20% of them have no information about these laws and are not interested in these aspects. Thus it can be considered that, although there is an obvious entrepreneurial propensity towards the European Union, the lack of information and the legislative incarceration induce a faulty development of the small enterprises.

In this context, it can be observed that there is a necessity to support the internationalization of SME's, to facilitate direct contacts between entrepreneurs or SME organizations and economic partners and similar organizations within the European Union. Universities could also play a crucial role in innovation and in the development of a new business culture by increasing the quality of entrepreneurial training. In the near future, according to the presented development model, there will be a significant demand for specialists. From this perspective, it is necessary to improve the curricula and the textbooks for the economic subjects, with a view to ensuring the development of the entrepreneurial spirit. It is to be expected that in the future there will be a model in which the block "business environment" will also include the external variable.

Checking that the model is correct, it needs to be stated that, since the mathematical apparatus does not discover significant influences of the exogenous variables considered in the model that are specific for the business environment, this is due to the fact that the business environment has been almost inert with regard to the SME's for a long time: the crisis (with budgetary effects), the lack of political will, the European constraints. This aspect is easily observable in today's reality, when the policy makers have a difficult and incomplete perception of the entrepreneurial phenomenon and its vital importance.

This fact was, and still is, without a doubt, extremely harmful and it explains the stagnation of our economy. On the other hand, the good news is that we have a great potential for a high rate growth, provided that all the mentioned variables start working effectively and without delay. Taking into account the fact that the funding mechanisms work so inefficiently and that the statistical data indicate the fact that the SME's are self-financed at a rate of 90%, some measures need to be taken in order to stimulate access to funding: founding a state structure that will be able to implement concrete, tangible strategies of financially supporting the SME's. Another important aspect is represented by the necessity of improving the absorption rate of structural funds by helping the applicants meet the financing deadlines stipulated, by guaranteeing bank loans that are necessary for the co-financing: here it must be said that the government has indeed stepped up, founding three guarantee funds – in practice, however, these have functioned poorly and subjectively, so

that today the banks are extremely reluctant in taking into account the guarantees granted by these funds, most probably because of some negative experiences. At the same time, there is a need for an increased transparency and a diminished bureaucracy in the banking sector by: limiting the quantity of documentation and information required by banks from enterprises, centralizing the information about the products and services offered by commercial banks on a public portal, offering the SME's funding solutions. Extremely important is also to improve the relationship between the governmental authorities and entrepreneurs: improving the regulations regarding controls – very important, improving the legislation regarding enforcement, simplifying fiscality and making it more effective.

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