

# ANALYSIS OF OPTION FOR ENTREPRENEURSHIP OF STUDENTS STUDYING ECONOMICS

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## Abstract:

*Entrepreneurship is important, entrepreneur plays a major role at micro and macroeconomic level. Entrepreneur is the manager and employee at the same time, is leader and innovator, his company provides products and services that society needs. Europe needs more entrepreneurs and those who want to follow the path of entrepreneurship needs to face multiple challenges that can be overcome when the future entrepreneur benefit from a complex entrepreneurship education. This paper aims, through applied questionnaire, to identify whether future economists are determined to choose the path of entrepreneurship and start a business on their own. Also, we wanted to identify the obstacles that interviewees consider that you have to struggle to start their business. We applied a questionnaire to students, final year bachelor's degree, studying economics. They were chosen because during the three years study several economic disciplines: microeconomics, macroeconomics, management, accounting, finance, law, economic analysis, the national economy, European policy.*

**Keywords:** *entrepreneur, students, funding, entrepreneurship culture.*

**JEL Classification:** L26, M13

## 1. Introduction

In the current economy affected by the crisis, entrepreneurship is playing an important role in the economy of a region and of a country, due to the ability to stimulate the real economy. Thus, both at European and national level, entrepreneurship development is the focus of policies. In 2008 was adopted the "Small Business Act" which aimed to improve the overall policy approach to entrepreneurship. The first of a set of 10 principles stipulate the creation of an environment in which entrepreneurs and family businesses can thrive and entrepreneurship is rewarded (Commission of the European Communities, 2008, pp.4). The European concern for the promotion and development of entrepreneurship is demonstrated by the financing obtained by projects that focus on: promoting entrepreneurial culture, entrepreneurial skills development of young people, the establishment of educational structures to promote entrepreneurship, encouraging young entrepreneurs, encouraging women entrepreneurs, establishment of business incubators, stimulating the creation of new micro-enterprises, stimulating economic performance of the existing micro-enterprises, assistance and consultancy for starting a business.

## 2. Research method and results

To study potential entrepreneurs we used quantitative research (survey). The composition of the questionnaire started with clear and detailed specification of the problem investigated. We composed a questionnaire about: entrepreneurial characteristics, work experience, sources of funding, intention of entrepreneurship.

Objectives of the research were:

- Identification of entrepreneurial intent among students,
- Identification of areas of interest to those wishing to start a business,
- Identification of funding sources to which students wish to appeal to fund future business.

Were made a number of assumptions:

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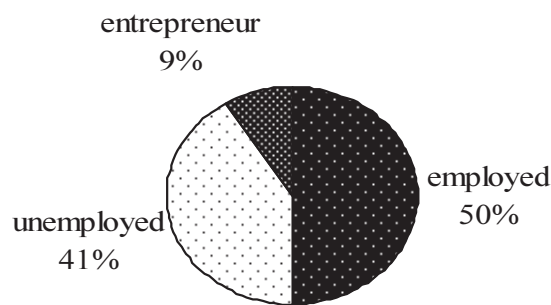
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- Romania has a culture that does not support entrepreneurship.
- Students are not willing to engage in entrepreneurial activity.
- The main obstacle for those who want to start their own business is represented by scarce financial resources.

We want to emphasize that the reduced sample of responses does not allow results of the study to be considered exhaustive, but we are convinced it can be considered as a picture of what students think about the attributes of entrepreneurship, finance and entrepreneurship and the conditions of involvement in entrepreneurial activity.

The questionnaire was applied to a sample of 30% of the students of the third year, students undergoing specific economic programs: management, accounting and finance. After processing the identification data have resulted the sample characteristics: ages ranging between 21 and 51 years, professional experience between 1 and 30 years, 68% are women and 32% men, 77% live in urban and 23% rural area. Regarding labor market status, although 41% of respondents do not work, only 9% have no work experience.



**Fig. no. 1 Labor market status**

### ***2.1. Passion – the primary characteristic of entrepreneurs***

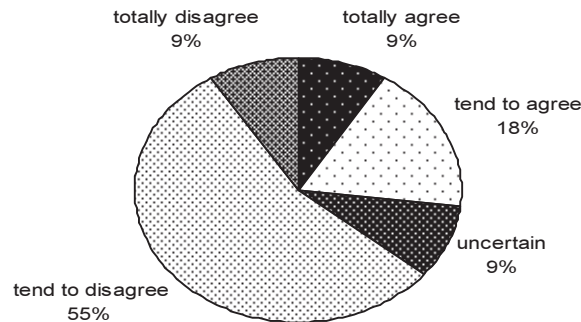
Entrepreneurs have a number of features that help them start their own business and increase their chances of success. These include: vision, intelligence and creativity, knowledge of industry, perseverance and determination, charisma and persuasion, responsibility, decision-maker, problem solver, gut-feeling, positive thinking, passion, personal ethics, trust people, attitude. (Ghenea, 2011, pp.47) Students were asked to prioritize on a scale from 1-10 (1 point receiving attitude most important) attributes that best describe the entrepreneurship attitude. The first attributes were: passion, optimism, spirit of competition and perseverance. These were followed by: vision, energy, intellectual curiosity, flexibility, risk-taking ability, the ability to learn from mistakes. Students are aware that if you are not passionate about the area in which you start a business chances of success are low.

Students surveyed were asked to express their agreement or disagreement with the statement *Romania has a culture that supports entrepreneurship*. The results shows that most of the students are convinced that Romanian environment discourage people from starting a business. Ernst&Young analyzes Romanian entrepreneurs' perceptions on five fundamental factors for the development of entrepreneurship: access to funding, regulation and taxation, entrepreneurship culture, education and coordinated support. The results are presented in annual barometer *Entrepreneurs Speak Out*. In the second edition of the annual barometer made by Ernst&Young 59% of respondents believe that Romanian attitudes and values do not support entrepreneurship, compared to 43% of entrepreneurs in the European Union. ([www.ey.com](http://www.ey.com))

**Table no. 1 Comparison**

Results	Ernst&Young	Students
Totally and tend to agree	35%	27%
Totally and tend to disagree	59%	64%
Uncertain	6%	9%

In accordance with the results of the annual barometer Entrepreneurs Speak Out and results of our research is necessary to develop a more entrepreneurial culture, not only at the national level, but also at European level. We strongly believe that entrepreneurial education should start with young people and from school. Importance of entrepreneurial education has been underlined by Günter Verheugen European Commission Vice-President, responsible for Enterprise and Industry who said “Entrepreneurs are the economic DNA which we need to build competitiveness and innovation in Europe.” (European Commission, 2008) Entrepreneurial education is now a priority on the European agenda. The Entrepreneurship 2020 Action Plan is built on three main pillars: i. Entrepreneurial education and training, ii. Creation of an environment where entrepreneurs can flourish and grow, and iii. Developing role models and reaching out to specific groups whose entrepreneurial potential is not being tapped to its fullest extent or who are not reached by traditional outreach for business support. (ec.europa.eu)



**Fig. no. 2 Romania has a culture that supports entrepreneurship**

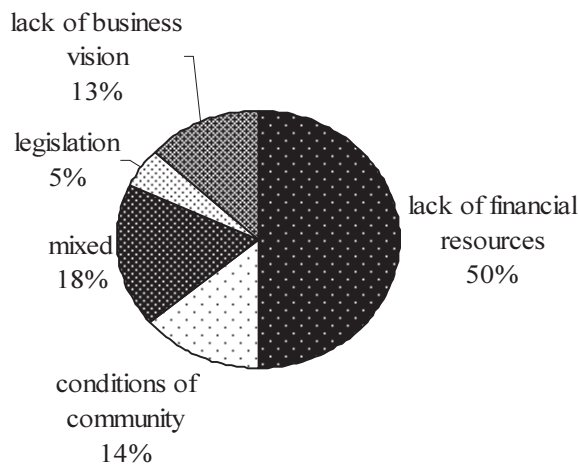
Probably one of the most important facets of Romanian culture is the value people attribute to family and friends, and family relationships and friendship usually lasts a lifetime. (Văduva,2004, p.102) Involvement in a business require not only financial resources but also family involvement. Knowing this, it is not surprising that students surveyed believe that family is most influential when deciding to start a business on their own. Most students believe that friends have no influence when they choose the road of entrepreneurship. Teachers, careers advisors, other entrepreneurs and entrepreneurship-related events to which students participate positively influence the decision to initiate a business.

Respondents were asked to indicate the area where they want to start a business. Sectors in which students intend to start a business are diverse and range from: agriculture, beekeeping to retail, health to tourism (hotels), accounting services to real estate, nutrition to pyrotechnic, promotion of Romania traditions to food industry.

**2.2. Obstacles for entrepreneurs**

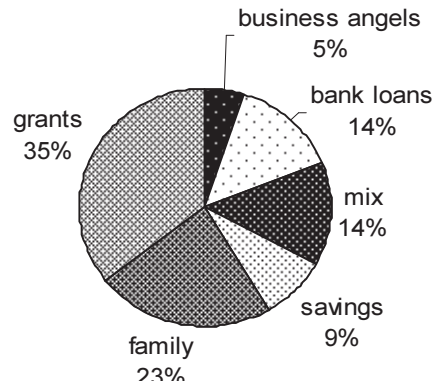
All students have a preferred domain in which to start their own business. This reveals the inner reflection to the possibility of opening your own business. Moving to entrepreneurship is hampered by a number of factors. Among the factors listed, in the first place is lack of financial resources 50% followed by the conditions offered by the community in which they live 14% and lack of business vision 13%. About 20% of respondents consider entrepreneurial opportunities can not be exploited, not only due to

lack the financial resources and the community in which they live, but also because of legislation or their inability to lead people. The most significant obstacle for those who want to start their own business is represented by scarce financial resources.



**Fig. no. 3 Obstacles for entrepreneurs**

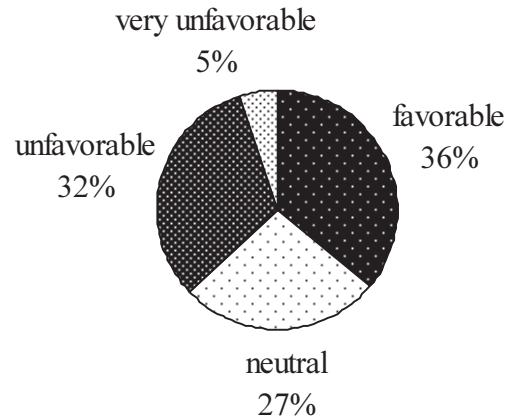
Without proper funding no start up can operate, invest and grow. In terms of funding sources: 36% of students want to seek grants, 23% to obtain financial support from the family and 14% bank loan. Only 5% of the students thought to appeal to an business-angel. Because they have not enough resources 14% of respondents are willing to mix funding sources: grants, family resources and savings.



**Fig. no. 4 Funding sources**

Requesting the family to obtain total or partial financing for start-up is the easiest solution because, at the beginning, getting a bank loan can be difficult.

Students surveyed were asked to characterize the current environment for starting a business. Results show that 37% of the students believe that the current environment is not suitable for initiating a start up. Interesting is that most of the students 36% believe that the environment is favorable for business. None of those surveyed said that the present business environment is very favorable.



**Fig. no. 5 Current conditions for starting a business**

Entrepreneurs play a vital role in any healthy economy. That is why, students were asked to assess the probability of starting a business, in the next three years, on a scale of 1-5, where 1 represents the most unlikely and 5 represents certainty to start a business. This indicator represents the entrepreneurial propensity of the population, defined as the probability of becoming entrepreneurs in the future (akcess.com, 2013). Entrepreneurial inclination of respondents recorded an average value of 3,136.

### **3. Conclusions**

Students consider that to be successful in your own business must be involved in a field that you enjoy, being aware that opening your own business requires hard work, perseverance and flexibility. Optimism, the second attribute for those who want to be entrepreneurs, necessary, more so as the current economic environment is not attractive for young investors.

Some of the assumptions were considered confirmed. Romania has a culture that does not support entrepreneurship, students believe that entrepreneurs are not encouraged enough. Another hypothesis confirmed is on the main obstacle for those who want to start their own business represented by scarce financial resources. To insufficient financial resources were also added conditions offered by the community in which students live. There were students who clearly stated that they want to start a business but in another town. A hypothesis that was not confirmed was that relating to students' willingness to engage in entrepreneurship. When student were asked to indicate the area in which they wish to start their own business, although it was an open-response question, all provided a domain. We believe that this proves that there is a real interest in entrepreneurship among students, entrepreneurial intention is likely to materialize at graduation (bachelor's degree or master's degree).

Challenges for students who want to start their own business are numerous, from difficult access to finance, community support, and sometimes, the lack of a strategic vision of the business.

We conducted an empirical study, but the results, beyond which any empirical research implies, is a knowledge base for knowledge and understanding how students perceive the complex aspects of entrepreneurship.

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