



*Innovative Entrepreneurship for Increased Employability,
New Business Creation and Economic Growth*

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REPORT ON INNOVATIVE ENTREPRENEURSHIP IN ROMANIA

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1. INTRODUCTION

According to the most recent publically available studies (UEFISCDI, 2016), the Romanian entrepreneurship ecosystem is a weakly developed, but has a **great coagulation and development potential**. Based on the scale used in the research, the Romanian business system was graded as a 4.5 system out of 10. The biggest issues that were risen within study are the problem of obtaining financing in the context of collateral guarantees, the lack of efficiency in managing EU funds and the bureaucracy of public institutions. The respondents considered that, in order to have a functional ecosystem, the authorities have to take decisions to support start-ups and to help business development and scaling.

Within the above context, **CNIPMMR** is a Romanian employers' confederation which ensures unitary representation of SMEs' interests and of SMEs employers' movement at national and international level. CNIPMMR focuses on creating a functional business environment, on promoting, defending and representing entrepreneurs' and private enterprises' interests in their relation with power bodies and state administration and in relation with other organisms inside the country and abroad. CNIPMMR focuses also on supplying some types of information, knowledge and services to SMEs, aiming at increasing their potential and competitiveness.

CNIPMMR has a structure of 8 regional federations, in all 8 Romania's development regions and 77 associate members (employers' organisations at territorial level and sector – branch organisations, young entrepreneurs and business women). Other activities undertaken: project management; elaboration of studies, surveys; organization of seminars, conferences; consultancy etc.

The National Council of Small and Medium Sized Private Enterprises in Romania (CNIPMMR) has an experience of over 10 years in implementing projects co-financed through European or national funds, focused mainly on: strengthening the business environment in Romania; promotion and development of entrepreneurial culture and lifelong learning; entrepreneurial and managerial education; VET; human resources development; certification and recognition of professional competences; Universities-Enterprises partnerships; learning in networks; knowledge management; flexicurity; gender equality; CSR; increasing the competitiveness of SMEs and increasing the innovative potential of SMEs; improving management practices in SMEs and the transition to the knowledge economy; providing certain kinds of information, knowledge and services SMEs to increase their competitiveness potential and so on.

CNIPMMR's role in the INNOGROW project is defined as:

- Involvement in defining the competence profile of an innovative entrepreneur;
- Developing one business model, by observing the most successful SME members;
- The development and testing of training modules;
- The management and implementation of a seminar in Romania;
- Taking part in the dissemination activities of the project;
- The management and implementation of the final project meeting;
- Other common activities.

2. RESEARCH METHODOLOGY

The interview process has comprised around the period of **a month**. The SMEs to be interviewed have been directly approached by **email or phone call**. Due to the innovative SMEs location around our country and in our capital city, in order to assure the effectiveness of the process, **the interviews have been conducted in general by phone and only a small number have been conducted face-to-face**.

2.1 INNOVATIVE SMES AND STARTUPS

2.1.1 Profile of Companies

The companies that have been interviewed are **innovative SMEs** whose activity belongs to several sectors, such as **ICT, commerce and e-commerce, management consultancy, constructions, automotive, clothing design, music production, HoReCa, training centres, tourism, advertising, marketing consultancy, real estate and cleaning services**. The majority of them were established between **2010 and 2016 (45% - 13/29)**, followed by the ones established between **1990-2000 (31% - 9/29)** and lastly **2000-2010 (24% - 7/29)**.

Among the companies that have been interviewed, the majority of them are enterprises with between **1-9 employees (72% - 21/29)**, followed by companies with between **10-49 employees (24% - 7/29)** and lastly by **medium-sized enterprises (4% - 1/29)**.

2.1.2 Innovation in Companies

93.33% (28/30) of the respondents that have been interviewed state that their SME 'is innovative', only two have considered that they are 'not innovative', with no justification given for their answer.

The **innovation field in which the companies stand out** is related to:

- 1st: differentiated product/service in the market of application.
- 2nd: innovative business model, R&D and know-how specialisation, new markets;
- 3rd: innovative technology;
- 4th: innovation in management.

The **innovation projects** are mainly related with the **development of an innovative technology or service** or, less common, **the application of existing technology to new markets**. The R&D projects are commonly **financed with internal resources**.

The **innovation project leader** is most commonly the **entrepreneur in start-ups and small and micro companies**. The sample of medium-sized enterprises was not significant to establish a position that is in charge with management an innovation project.

The intrapreneur that answered on behalf of the medium-sized enterprise was directly involved in the management of a product-innovation project, alongside the top management of the enterprise. This practice was used in all innovation projects in that enterprise.

In start-ups and small companies, the entrepreneur has a higher knowledge of the market and **defines the product or service** to be developed in order to answer to the **needs of the**

market. Once the project is defined and advances to the implementation phase, the entrepreneur will usually **take part in the project team.**

2.2 INNOVATIVE ENTREPRENEURIAL AND INTRAPRENEURIAL CHARACTERISTICS

2.2.1 Innovative Entrepreneurial Characteristics

2.2.1.1 Education Background

80% of the interviewed entrepreneurs have attended an economic university (12/15 – 2 out of the 17 entrepreneurs did not respond), 13.33% have an **engineering** diploma (2/15 – 2 out of the 17 entrepreneurs did not respond), while one of the interviewed entrepreneurs has a medical degree. One can notice that all of them graduated from a university, while the majority also have a master degree.

For most of them, the company activity is related to their academic background.

2.2.1.2 Prior Work Experience and Story of Company Establishment

All of the interviewed entrepreneurs have **prior work experience**, ranging from less than 2 years to more than 20 years. Only 20% (3/15) of them have previous R&D experience, while more than 60% (10/15) of them worked as consultants or in the financial services. None of the entrepreneurs interviewed has **previous experience in company set up** and superior management.

2.2.1.3 Traits

During the interviews, several **common patterns** have been identified regarding the traits that innovative entrepreneurs have. A list in sequence of most common to least common is included as follows:

- 1) The entrepreneurs are **perseverant and tenacious**, never giving up.
- 2) Entrepreneurs are **creative**, as they need to always find the best solution for tackling problems.
- 3) They have the **ability to make decisions** and to act in stressful circumstances.
- 4) They are **good communicators**, being oriented towards the clients.
- 5) Entrepreneurs have **analytical thinking**.
- 6) Entrepreneurs are intuitive persons.
- 7) Entrepreneurs are **confident**.

2.2.1.4 Motive

They **decided to set up their own business** due both to their need of independence: making their own decisions and having a flexible schedule and to their need of a better financial and social statute. Many of them were also driven by the fact that they identified a business opportunity or the possibility to transform their hobby into a business

2.2.2 Innovative Intrapreneurial Characteristics

2.2.1 Education Background

Regarding the profile of the intrapreneurs interviewed, a 27.27% (3/11 – 2 intrapreneurs did not respond) of them only graduated from high school, 36.36% (4/11 – 2 intrapreneurs did not respond) have a university degree in economics, 27.27% (3/11 – 2 intrapreneurs did not respond) have a technical university degree and one responded graduated a public relations university. Out of the total, 36.36% (4/11 – 2 intrapreneurs did not respond) have a master's degree.

For most of them, their work position within the company is related to their academic background, but many of them **need to acquire business knowledge** and develop business competences in order to be able to be responsible for the management of a company department.

2.2.2 Prior Work Experience and Story of Company Establishment

All intrapreneurs **have prior work experience**, in most of the cases, more than 5 years of **experience related to the company activity sector**.

Most of the intrapreneurs started working on lower level positions within the company, but in time, due to their qualities and initiatives were promoted to key positions by the top management.

2.2.3 Traits

During the interviews, several **common patterns** have been identify regarding the traits that innovative intrapreneurs have. A list in sequence of most common to least common is included as follows:

- 1) The intrapreneurs are serious and committed.
- 2) Intrapreneurs are **good organizers**.
- 3) Intrapreneurs have **good communication skills**.
- 4) They are **creative**, having the ability to implement innovative solutions
- 5) Intrapreneurs take initiative, being natural leaders
- 6) They are able to take risks.
- 7) Intrapreneurs are **team workers**, they **share knowledge** with others.

2.2.4 Motives

The interviewed intrapreneurs stated that their motivation resides in:

- The need to evolve both personally and professionally;
- The need for flexibility;
- The need for a higher income;
- The need to learn new things.

2.3 INNOVATIVE ENTREPRENEURSHIP AND INTRAPRENEURSHIP COMPETENCES

2.3.1 Innovative Entrepreneurship Competences

The entrepreneurs interviewed consider that **entrepreneurship and related skills can be developed** (in over 90% of the answers that were recorder - 16/17). The **business point of view** is commonly obtained by an **MBA or business related courses**, entrepreneurship programs, whose topics comprise marketing topics (a high frequency answer), financial topics, operations and logistics, communication, etc.

The **entrepreneurship profile** of the interviewed entrepreneurs has been developed by the **professional experience (65% - 11/17)** they have and **training (53% - 9/17)** they received.

Relevant **competences** identified in the interviewed entrepreneurs are listed in sequence to most common to less common:

- 1) The ability to **manage resources** (especially time);
- 2) The ability to abstract and **think 'out of the box'**, having a **global vision** that enables them **problem solving** and **decision making**;
- 3) The ability to **communicate efficiently**;
- 4) The **market knowledge**.

Entrepreneurs consider that around **45% of their teams are intrapreneurs (8/17)**, they identified them as they provide the following characteristics:

- They **adapt quickly** to the requirements of the clients;
- They are **creative** in handling their tasks;
- They have **team spirit**;
- They **have initiative**;
- They **participate** in decision making;
- They have a **higher experience** in the domain in which they activate;
- They are **'active' persons**.

The entrepreneurial skills identified within the interview process have contributed to the development and consolidation of several company areas such as the **commercial area** in the company (most commonly), especially how to develop **better and faster ways to achieve customers and increase sales**.

Key aspects that contributed to business growth are **creativity (thinking outside the box)**, **sales abilities** and **communication abilities**.

The competences that were mentioned above **can be significantly trained**. However, entrepreneurship competences and traits are innate and be hardly developed.

The interviewed entrepreneurs think that the following **topics** are important to develop entrepreneurship skills:

- Marketing strategies and policies, in order to develop market share;
- Innovation methodologies, including problem management and problem solving;

- Financial management skills.

In regards of the competences included in question 13 of the questionnaire, the **order of the aptitudes** ranked by the entrepreneurs interviewed is included below, alongside a short answer for each competence, commonly provided by the interviewees.

Ranking	Competences	How would you define the competences you rated 1 to 5 with a couple of words?
1	<ul style="list-style-type: none"> • Creative thinking 	Ability to develop new solutions to existing problems or prospective problems.
2	<ul style="list-style-type: none"> • Leadership, motivation and team management 	Ability to lead and empower the team around a mission.
3	<ul style="list-style-type: none"> • Problem solving 	Solving the most important issues that the business is faced with (as a concept, usually).
4	<ul style="list-style-type: none"> • Rapid experimentation • Innovation management 	Use of prototypes and MVP. Adoption of new ideas that can evolve to innovation projects.
5	<ul style="list-style-type: none"> • Risk management 	Ability to identify critical assumptions in the business model and take the risk.
6	<ul style="list-style-type: none"> • Agile management 	Management with a fast response within the firm
7	<ul style="list-style-type: none"> • Strategic planning 	Definition of objectives and the roadmap to achieve them.
8	<ul style="list-style-type: none"> • Business model generation 	Using business canvas for this process – identifying the need for a product/service.

In terms of the **desired features that the eLearning platform** should provide and include, the entrepreneurs provide the following ideas and considerations:

- The platform should include multiple means of testing entrepreneurial skills;
- User-friendly tool, with a high interactivity;
- The platform should involve gamification applications (should include games and different forms of rewarding, with a symbolic value);
- The platform should permit interactivity between users;
- The platform should permit a high flexibility of the teaching process;
- The platform should contain a high quantity of up-to-date information, so that the users can select what they want to learn;
- The platform should feature an attractive design.

Regarding the **topics** that are of interest, the most common answers included:

- General marketing techniques;
- Social media promotion;
- Leadership skills and development;
- How to develop teamwork and team spirit;
- Efficient communication;
- Financial basics;

- Resource management, including time management.

2.3.2 Innovative Intrapreneurship Competences

The intrapreneurs that were involved in the research think that **entrepreneurship is an attitude** and, to a certain measure, **a lifestyle**. Furthermore, all of the intrapreneurs that were questioned consider these skills and competences can also be developed or improved by means of **different forms of training**.

Relevant **competences** identified in the interviewed intrapreneurs are listed in sequence to most common to less common:

- 1) **Marketing** competences – market identification, complying to the needs of the markets, etc.;
- 2) The ability to **foresee** the development of the business – **strategic planning and thinking**;
- 3) **Leadership** competences;
- 4) **Operational** competences.

Intrapreneurs consider that they work with people having an entrepreneurship profile (especially entrepreneurs) as they have **common traits and interests**, such as creative thinking and planning, leaning to attaining a leadership status.

The **intrapreneurial skills identified within the interview process** have contributed to the development and consolidation of several company areas such as the company sales activity, the effective production activity, the human resource management and research and development.

The interviewed intrapreneurs think that the following **topics** are important to develop intrapreneurship skills:

- Marketing skills – identifying the markets and their needs;
- Leadership skills;
- Other management abilities.

In regards of the competences included in question 13 of the questionnaire, the **order of the aptitudes** ranked by the entrepreneurs interviewed is included below, alongside a short answer for each competence, commonly provided by the interviewees.

Ranking	Competences	How would you define the competences you rated 1 to 5 with a couple of words?
1	<ul style="list-style-type: none"> • Leadership, motivation and team management • Innovation management 	<p>Motivate people in order to work toward the same common goal</p> <p>Making the best out of the available innovation capacity.</p>
2	<ul style="list-style-type: none"> • Creative thinking 	Create new services, solutions, internal improvements.
3	<ul style="list-style-type: none"> • Problem solving 	Alternative thinking to solve

		bottlenecks.
4	<ul style="list-style-type: none"> • Risk management 	Minimizing uncertainty.
5	<ul style="list-style-type: none"> • Agile management 	Improving performance within the firm.
6	<ul style="list-style-type: none"> • Strategic planning 	Define the direction of the firm toward a set of goals.
7	<ul style="list-style-type: none"> • Rapid experimentation 	Methodology to discard ideas as soon as possible.
8	<ul style="list-style-type: none"> • Business model generation 	The way of capturing value and the way it is monetized.

In terms of the **desired features** that the **eLearning platform** should provide and include, the intrapreneurs provide the following ideas and considerations:

- User-friendly tool, with a high interactivity;
- The platform should include multiple audio and video elements;
- The platform should include only the relevant information on a topic;
- The platform should permit interactivity between users;
- The platform should permit a high flexibility of the teaching process;
- The platform should feature an attractive design.

2.4 ANECDOTES FROM INTERVIEWS

Several quotations from the interviews that were conducted are included below:

- ‘Leadership is the key to innovation’
- ‘It is important to understand the vision of each client’
- ‘Thinking outside the box should be a rule in each firm’
- ‘There shouldn’t be any fear of launching an innovative product’
- ‘Teaching yourself is very important for any entrepreneur,
- ‘Action is what defines an entrepreneur’

As in many other states, the ‘intrapreneur’ concept was relatively unknown to the majority of the respondents that were involved in this research. Thus, an important step in the questioning line was to establish whether or not a person was an intrapreneur in his or hers organisation. An important issue to be risen here refers to the link between the existence of intrapreneurs and the size of a company: our research sampled proved once again that intrapreneurs arise only in companies that have at least 30-40 employees.

Finally, we wish to highlight another trend that was established within the research sample – the fact that **leadership is considered a decisive factor for attaining innovation** with a company. As shown in this report, leadership was ranked second and first in the top of decisive competences by entrepreneurs and intrapreneurs, respectively. This shows that the spiritual part of motivation is a fuel of innovation with companies – thus, if leaders are given the main role in companies, innovation is bound to happen and performance will be at new heights.