ENTREPRENEURSHIP AND HUMAN DEVELOPMENT IN ROMANIA

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Abstract: The paper aims to prove the main hypothesis, namely that the increase interest in entrepreneurship determine the human development. It also presents the main trends regarding entrepreneurship from Brașov region of Romania, considering the role of entrepreneurs in knowledge-based economy and also their role – as economic engines – during economic crisis affecting all the countries from the whole world. There are also presented the main measures affecting entrepreneurship in Romania, namely the ones stimulating the increase of number of small and medium sized enterprises.

JEL classification: M11, M54

Key words: entrepreneur; Romania; human development; economy; SME's

1. INTRODUCTION

Considering the increased interest in entrepreneurship and the fact that it is considered the main economic factor leading to the development of the society and the economy of every country, this goal being also underlined by European Committee, the present paper aims to establish whether or not the development of interest for entrepreneurship also determine human development.

By now there were considered by the researchers and practitioners that the human development can be determined using longevity, knowledge and life standard. There is also determined a Human Development Report. The first one introduced a new way of measuring development by combining indicators of life expectancy, educational attainment and income into a composite human development index, the HDI.

The breakthrough for the HDI was the creation of a single statistic which was to serve as a frame of reference for both social and economic development. The HDI sets a minimum and a maximum for each dimension, called goalposts, and then shows where each country stands in relation to these goalposts, expressed as a value between 0 and 1.

For the purpose of this paper, the author considers that the human development is determined mostly by life standard. Further, the researchers established that it may be determined through GDP/inhabitant.
The correlation between the GDP and human development, expressed by an index was analyzed by some researchers for high, medium and low human development countries.

The findings showed that the sensitivity of the human development index to changes in per capita GDP was highest in low human development countries. Also, an 'inverted U' type relationship between per capita GDP and the human development index appears to be valid for medium human development countries.

Also, for the interest in entrepreneurship, the instrument used in this paper is the observation, namely the number of small and medium sized enterprises created in the period of time analyzed.

The model used in order to study the problem of correlation between GDP/inhabitant and the entrepreneurship was also analyzed by other researchers for other countries.

2. OBJECTIVES

The paper uses definitions and models previously used, in order to ensure the scientific research character and in order to ensure the viability of the models.

Thus, applying a methodology that will be presented later on, the paper aims to establish what the dependency is between entrepreneurship and life standard at regional level, namely Brașov from Romania.

The results showed that there is a strong, positive relation and dependency between the two analyzed factors at regional level analyzed, meaning that when the interest for entrepreneurship is increasing, the life standard is increasing as well.

Further researches refer to the application of the model over other regions of Romania in order to compare the results and to ensure the scientific research feature of the study.

3. METHODOLOGY

The methodology consists of some steps, as follows. The first step was to choose the region for which the study will be conducted. There was chosen the region of Brașov because the positive evolution from the last four years, in terms of monetary results of economic activity that were higher than the national average.

The second step was to observe and document about the values of GDP/inhabitant for the four years of the study, at the level of Brașov region, considering that GDP/inhabitant was used for expressing life standard.

The data were gathered from the National Institute of Statistics and also from local decision economic factors.

The third step was to observe and document about the number of small and medium sized enterprises at Brașov region level, as an indicator for the interest of population for entrepreneurship.

The data was gathered from Chamber of Commerce and Industry of Brașov where from there were also gathered data regarding the dispersion of small and medium sized enterprises by sectors of activity.
The next step consisted in calculating the correlation coefficient for the two series presented, in order to establish whether there is a relation between the two analyzed factor or not.

4. ANALYSES

The number of small and medium sized enterprises from Brașov region had increased from 2009 to 2012, from 947 to 1867, almost doubling their number in four years of analyzes, as shown in Figure 1.

![Figure no. 1](image)

The repartition of small sized enterprises and medium sized enterprises on fields of activity showed that most of them activate in commerce, namely engross, and construction sector, as shown in Figure 2.

Also the GDP/inhabitant had increased in Brașov region from 3056.9EUR in 2009 to 4518.3EUR in 2012, an increase with 47.8%.
Figure no. 2

Regarding the correlation between the two series of data, namely the GDP/inhabitant and the interest for entrepreneurship, the value of correlation coefficient was 0.99, which means that there is an almost deterministic dependency between the two factors analyzed, meaning that the preliminary hypothesis was verified.

5. CONCLUSIONS

Applying a methodology presented, the paper established that there is a dependency between entrepreneurship and life standard at regional level, namely Braşov from Romania.

Also, the results showed that there is a strong, positive relation and dependency between the two analyzed factors at regional level analyzed, meaning that when the interest for entrepreneurship is increasing, the life standard is increasing as well.

There is an almost deterministic dependency between the two factors analyzed, meaning that the preliminary hypothesis was verified, so that when the interest for entrepreneurship is increasing, the life standard is increasing as well.

Future research includes the bound between HDI (human development index) and interest for entrepreneurship, as a broader hypothesis. Regarding HDI, each year since 1990 the Human Development Report Office has published the values of this indicator which looks beyond GDP to a broader definition of well-being.

The HDI is composed by three dimensions of human development: living a long and healthy life (measured by life expectancy), being educated (measured
by adult literacy and enrolment at the primary, secondary and tertiary level) and having a decent standard of living (measured by purchasing power parity, PPP, income).

The index is not in any sense a comprehensive measure of human development. What it does provide is a broadened prism for viewing human progress and the complex relationship between income and well-being. The HDI for Romania is 0.825, which gives the country a rank of 62nd out of 179 countries with data.

References

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