

Research Paper



SOCIAL ENTREPRENEURSHIP AND ITS ROLE IN ROMANIA

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ABSTRACT

A distinctive feature of advanced economies is represented vital role of entrepreneurship as a central pillar of economic growth. The motivated entrepreneurs ready to take risks, set up new companies generating jobs.

In particular, rapid technological advances continue to generate new business and lead to the development of the existing determinant to adapt to new market opportunities, new knowledge and improve productivity.

The social entrepreneurs prefer the paradigm of social purpose will be organizations such as foundations, associations, cooperatives, etc.

On the other hand, the paradigm focused on results recognizes the positive social impact of some companies - not just the activities of CSR and the social outcomes resulting from the core business of the company, as, for example, lowering the cost minute telephone conversation which increase the purchasing power of poor families while allowing access to information and communication, which is social outcomes as possible obviously.

In this paper, we propose to do an analysis social entrepreneurship and its role in Romania.

KEYWORDS: Romania, European Union, social entrepreneurship, economic development

INTRODUCTION

Given the constraints facing small businesses, in terms of resources, and vulnerability linked to environmental change and uncertainty, thorough understanding of the factors and mechanisms that explain the development of small businesses is a key issue for business owners and the economy.

Therefore there is growing interest to identify the main features that differentiate the companies that registered increase over those that do not grow or even abolished.

On the other hand, it is important to know more about the processes of growth and respectively development experienced by companies, and also improve our knowledge about the factors that contribute to rises in companies is of importance to the creating and implementing appropriate policies to support more selective.

According to recent statistics, small and medium enterprises (SMEs) represent over 95% of all firms in Romania. Their contribution to the economy today is significant because it affects the important factors such as economic growth, competitiveness, changes in economic structure and employment.

The Policy for SMEs became Romania an integral part of regional development policy, because of the role they perform, that the "locomotive" for economic development long term, in creating jobs and their significant contribution to

reduce unemployment. If it is considered that in the early 90 SMEs were almost non-existent, we can say that they had an upward trend. The SME development was train but by many factors, in May and difficult access to financing for investments in the medium and long live insufficiency of advisory services and assistance to SMEs.

The entrepreneurship is not an abstract concept. There is demand and interest increasingly higher placing "entrepreneurship" (creating new business) as a key element in the development and revitalization of the less developed areas in Europe.

Moreover, growing awareness over the last decade, the importance of new enterprises and small and medium enterprises (SMEs) in economic development has led many public administrations made up of members of all political parties and at all levels to create policies that promote and encourage the creation of new companies.

Also, entrepreneurial activity has aroused the interest of many researchers in academia who demonstrated high levels of entrepreneurial activity can have positive effects on the generation of jobs and economic growth.

In the literature devoted to social entrepreneurship and social economy there is general agreement about the fact that there is no universally accepted definition to clarify what are, exactly, they, and what is their scope to other types of organizations.



The difficulty of this situation is that it can be drawn methods, knowledge and skills of entrepreneurship and social enterprise management as long as no one knows precisely what they are.

The social economy seems to include the entire non-profit sector, but also the companies that assume social purposes.

The recently adopted law on social economy in Romania states that social economy actors are most of the organizations nonprofit sector (excluding trade unions, churches and denominations), but social enterprises are only those social economy actors who obtain a certificate awarded on the basis of restrictive and specialized criteria. Romania and most of the world is of course far from ideal.

Example bureaucrats' entrepreneurs' communism however shows that entrepreneurial action is omnipresent regardless of the operation and that it was one of the main features is its constant adaptation to the specific characteristics of the external environment and situations.

The essence of both functions (entrepreneurial and managerial) and the reason why their omnipresence is need to take decisions for allocating scarce resources to competing purposes. This type of decision is the centerpiece of coordinating all economic activities.

When people talk about government policies to help entrepreneurship, they tend to focus on start-ups and small and medium enterprises (SMEs).

Although they are of clear, however entrepreneurship is a much broader phenomenon. For example, in an advanced economy such as that of the UK, small businesses (fewer than 50 employees) represent more than 99% of the companies, but less than half of all employees and only about one third of income.

If you want to increase the number of jobs, the increasing number of small and medium enterprises is an inefficient way of doing it. And not only that they are a small part of the UK economy, but are also very volatile part of it.

The failure rate of new businesses is around 30%, but 70% of those who survive usually over 36 months, only 10% had growth rates of more than 30% per year. If entrepreneurship as just about small proportion of small firms that are growing, would have a crucial role in the economy. We therefore need a broader view about entrepreneurship.

Starting from the idea that the social institutions are parallel to those inside the company, that an understanding of how the economy works has a direct relevance to understanding how a company operates. The entire enterprise and the entire economic activity is to identify one or social needs and satisfy increasingly better them.

The maximum price offered by a buyer a good subjective satisfaction is equivalent to one (or more) of the needs and desires. Regarding means the first social business paradigm means a social and entrepreneurial means.

In the second, social entrepreneurship and social outcomes mean entrepreneurial means. In other words, in terms of resources, both paradigms agree that the means of social entrepreneurship are entrepreneurial. So here's theoretical reason for which most of this guide can focus on them. One of the major differences arising from paradigms are categories of organizations included in social entrepreneurship aspect on which we will treat in a separate section at the end of this chapter. Yet to mention that, for example, the paradigm centered social order rejects the status of social entrepreneur

or social enterprise companies - they would not be social enterprises that have social purposes, but commercial.

The widespread perception of social entrepreneurship in the Romanian common perception is that social business uses business principles, managerial and entrepreneurial skills to solve social problems. Social entrepreneurship should follow a social commercially, entrepreneurial and managerial.

A paradigmatic example of social enterprise is Grameen Bank (Bank means Villages). It is an institution associated with Professor Mohammad Yunus and microcredit to poor people in Bangladesh.

He served as Managing Director of Grameen Bank, an institution founded by him, to help the poor in his country. The problem was that in Bangladesh, 78% of the population lived below the poverty line of \$ 2 a day. Poor people were often caught in a vicious cycle of debt by creditors demanding usurious rates.

Because they have no collateral, the poor have little access to conventional financial services. In a program of economic research, Muhammad Yunus spoke to a poor woman in Bangladesh trying to find the source of poverty. She produced bamboo chairs, but borrowed money and higher interest rates kept her out of poverty. Yunus gave money to repay the loan.

Thus, it has paid the debt, bought raw materials production credit and microcredit could return after some time. Social goal was to help poor people to borrow and thus start their own businesses. Microcredit was the means by which this goal was achieved.

The recipients of these loans base their own enterprises and gradually become autonomous, being empowered by this microcredit. Essentially, social purpose paradigm proposes to distinguish social entrepreneurship at the commercial purpose. The difference between social enterprise and trade is primarily the main goals of the two companies. The first has a social purpose, the last commercial purpose.

The commercial purpose most often mentioned in the literature of social entrepreneurship is the purpose of profit, which often appears as "maximizing the profit".

The main difference between commercial and social entrepreneurship would be to order the entrepreneur. The main purpose of entrepreneurs is creating financial profit, while for social entrepreneurs; the social mission is explicit and central.

The impact of the mission is the central criterion, not wealth creation material. Social entrepreneurship creates conditions for resources providing a better future for vulnerable groups not only social but also for society as a whole.

There are various social purposes. I saw a paradigmatic case of social enterprise is promoted microcredit in Bangladesh by Professor Mohammad Yunus. Social order where Yunus was helping poor people, particularly women (96% of those loans were women). Another aim of social enterprises is to increase employment among vulnerable groups. It is one of the most common goals of social enterprises and here includes enterprises of social integration.

The social entrepreneurship has emerged as a response to social problems: unemployment, poverty, community fragmentation, etc. Its purpose to solve problems or improve disadvantaged populations by increasing autonomy, innovation and their financial independence.

The social entrepreneurship is therefore a combination of social mission and commercial approach: targeting specific social problem solving, social entrepreneurs attract resources to carry out his mission, deriving income from such activities.

The social entrepreneurship is a symbiosis between charity and business to solve social problems - he borrows from social and charitable purposes in the field of entrepreneurial business approach.

The social enterprises solve problems of vulnerable groups, marginalized. Social entrepreneur aims to achieve priority social purpose of the organization. This would be the specific difference of social entrepreneurship. Although a social enterprise can target profit social enterprise primary goal remains social.

The social entrepreneur activity can generate profit but it is reinvested in social causes. This does not mean that social enterprise is commercial. Its purpose remains further capital. Social enterprises can have for profits, but this is not a priority. And corporations can have social goals but they are not a priority to the objective of maximizing profit.

The entrepreneurs both commercial and social ones creating jobs and services which in turn have an impact on society in various ways. But the main difference is that social entrepreneurs founded the company to produce social impact and the whole project is built around the company's social objective. So it is true that both companies and social enterprises both for economic and social.

A multinational can run social programs, eg CSR policies. An NGO may engage in economic activities and profit.

The difference between a social enterprise and a firm but priority will be given social goal of social enterprises. In a commercial enterprise commercial purpose, profit maximization is a priority. In a social enterprise social order is a priority.

Although social enterprise and / or nonprofit organization can watch for profits, this goal is subordinated to the social purpose. Social activities of firms are not in priority to maximize profits.

Consequently, non-distribution of the profit clause would have no economic rationale to substantiate. If social enterprises that act by hiring people belonging to vulnerable groups, or the sale of goods and products at lower prices for certain categories taken into consideration, it is obvious that social mission can be carried out without regard to profits earned for it the previous it.

If social enterprises one kind nearest charity (whose social mission is achieved by, say, the provision of assistance programs) should be possible for a social enterprise to generate enough profit for both its mission social to be met and to reward shareholders through dividends, for example, in a proportion of 50% of profits allocated to the social mission and the other 50% allocated to dividend payment.

On the other hand, a proportion of reinvestment or non-distribution higher binding of both - as, for example, normal Romanian law, which is 90% - seems to have a rather epistemic and moral justification. Based on these considerations, the theoretically interpret non-distribution profit clause as an epistemic tool that checks purpose of the organization. Non-distribution profit clause is therefore an epistemic role. Clause highlights the social role of the organization. If an organization has this clause then it is a

social enterprise, if it is a commercial enterprise. Formal verification is a key focus of the organization and purpose of distinguishing social enterprise commercial enterprises.

That clause allows us to identify non-distribution profit social enterprises. In this paradigm seems more plausible to accept that a company that invests a portion of profit for the purpose of social capital is compared with one that would invest exclusively in maximizing profits. Social activities are financed from profits of commercial activities.

The formal clause non-distribution profit can tell an organization where a social enterprise or not. Social enterprises do not operate in a vacuum, but in a context that is in an external environment organization. It consists of all exogenous conditions that organization.

We will refer here to the physical environment more than noting that the case studies presented in the next section gives the reader a wide variety of it. In addition to geographical distribution, it is seen that some social enterprises listed are located, while others consist of networks covering large territories. Institutional environment will be treated separately throughout this chapter. It consists of all formal rules and the informal imposed on or affecting all its activities.

In turn, consists of formal and informal institutions that conditions equally or evenly all organizations and individuals in the company of reference (which we are not dealing here other than mentioning their existence), respectively institutions that affect only social economy, in this case - specific legislation.

The economic, social and political can be conceptualized as all markets in which the organization, both as a producer and / or seller as well as buyer (as, for example, labor market and human resources - to turn affected by market or education systems).

The social environment is reflected in the organization's mission. The political environment has an influence institutional legislation, as well as an economic one, by providing public funds, tax incentives and other types, and, negatively, by imposing costs of bureaucracy (formalities, licenses, certificates, etc.) and taxation. In terms of organization, the economic, social and political exhibiting or be perceived as opportunities or as risks, elements of both categories reflect influences of all three environments.

Let us remember at this point the existence of uncertainty, ie hidden risk that we are not aware. Symmetrical may well exist opportunities that we are not aware. We will then examine three aspects of media operations: opportunities and risks, as the legislation. These are external means of social entrepreneurs after the previous chapter we discussed the organization's internal resources - own means

For this, he will adapt its actions and organization as efficiently as possible. Here the discussions about media operations we care to detail frequent opportunities and risks of social enterprises. In further analysis of the legislative context of social entrepreneurs act we refer in greater circumstances Romanian and European operating social enterprises, although often social entrepreneurs are relatively the same problems.

CONCLUSION

In Romania, the social entrepreneurship is an emerging phase; the nonprofit sector is the main actor. The main social enterprises are NGOs.

The social economy is mostly conducted as an initiative of nonprofit organizations in Romania implementing

good practices identified and transferred to other countries.

Romania replies European trends in the field and there is a growing interest in social entrepreneurship.

Since 2011, civil society involvement in social entrepreneurship and social economy became more visible for projects financed by European funds.

The social entrepreneurship is supported by the commercial sector, mainly by financing small projects or competitions on innovation in social entrepreneurship

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