

Chapter 13

Improved Regional Entrepreneurial Ecosystems in Eastern Europe: A Romanian Policy Approach

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ABSTRACT

The chapter provides a bird-eye view of Romania's position in view of its development of national and regional entrepreneurial ecosystems, before presenting a hands-on perspective of entrepreneurs in their quest for profit and impact. The methodology relies mainly on a qualitative critical description of the current situation in Romania, based on previous in-depth studies, focusing on public policies and entrepreneurial attitudes. The main objective of the chapter is to provide the reader with a clear view of the possibilities and potential of Romania in terms of developing sustainable, resilient regions, the obstacles it faces in this respect, its quest for more impact investments and its need for a holistic approach to strategic regional development.

INTRODUCTION

Value sharing is a new concept in business theory. Its creator, Michael Porter, a “Spiritus Rector” of competitiveness, introduced it for the first time in 2006 (Porter & Kramer, 2006) and redefined it in 2011 (Porter & Kramer, 2011), in an acknowledgment of the failures of the current model of capitalism. The author posits that a company cannot fully function competitively in an unhealthy community because the long-term consequences are to be considered. Porter proposes methods for measuring this shared value (Porter, Hills, Pfitzer, Patscheke, & Hawkins, 2011), building on his concept Michelini and Fiorentino (2011) propose new business models, and Bertini and Gourville (2012) introduce pricing

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models to support the creation of the shared value. However, Crane et al. (2014) contest the concept, claiming it is unoriginal, superficial in its view of the firm and ignorant in which concerns compliance and business tensions.

This chapter provides a bridge approach to the two sides: the shared value concept is related, in reality, to the flows in a business or entrepreneurial ecosystem. For any ecosystem to perform appropriately, all its components must be in their optimal state, all flows must operate properly, and the output of the ecosystem must be evident. Thus, shared value may be considered just another element to be analyzed when looking at business or entrepreneurial ecosystems.

The chapter focuses on European and best-practice driven public policies aimed at enhancing opportunities within Romanian regions for entrepreneurs to become competitive, sustainable and innovative. The second approach to these public policies is to reduce the vulnerabilities of the knowledge sharing system, to reduce systemic constraints, to limit adverse impacts of misdirected public and private funding. The proposals and implementation of these entrepreneurial ecosystem-directed public policies are presented, underlining the advantages and disadvantages of this endeavor and best practices are revealed. It also suggests the possible future development of like policies, to enhance their impact.

Based on the concept of innovative entrepreneurial ecosystem, adapted to the specific situation of Romania, the chapter presents a variety of public policies designed to streamline the afore-mentioned ecosystem, increase its sustainability, both economic and environmental, improve the flows and enhance knowledge and value sharing.

The methodology of detection of these policies is based on two important pillars. The first pillar is represented by Romania's position regarding territorial capital; defined as the sum of economic, cultural, environmental and social assets ensuring the potential development of a particular area. The second pillar is the previously researched opinion of Romanian entrepreneurs on the facts and policies related to regional development.

Ultimately the chapter provides the reader with the following elements: a clear view of the possibilities and potential of Romania regarding developing sustainable, resilient regions, the obstacles it faces in this respect, its quest for more impact investments and its need for a holistic approach to strategic regional development.

BACKGROUND

The manner in which a business can become more competitive and provide more value for its shareholders is by no means a matter of novelty in economics research. Nor is the use of concepts from cybernetics, physics or biology to make sense of the complex systems and interactions in an economic environment. In the same vein of enabling a more profound understanding of the completely unknown, the trend nowadays in literature is to compare the business systems with biological, as suggested by Moore (1993). Value sharing becomes in this context an issue of systemic viability, rather than a matter of competitiveness (Peltoniemi, 2004). The business ecosystem, defined as “a collection of agents acting selfish or selfless, bringing added value and synergy learn from others” is nonetheless hard to identify rigorously. The boundaries of the concept are superficial (Anggraeni, Den Hartigh, & Zegveld, 2007), and often it is being used interchangeably with entrepreneurial or entrepreneurship ecosystem ((Napier & Hansen, 2011); (Malecki, 2011); (Kantis & Federico, 2012); (Isenberg, 2010)). For the latter, the authors of this chapter shall use the Mason and Brown definition (2014):

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