Barriers and incentives to green entrepreneurship in transition economies – case study of SMEs in Romania

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Abstract

This master thesis investigates the possible factors that can influence green entrepreneurship in a transition economy. For this purpose, the case of SMEs in Romania was analyzed. This study uses qualitative methods for data collection. These data were collected through questionnaires and interviews in order to discover society's view on the current entrepreneurial environment for green business and to understand the motives, challenges, and obstacles of green entrepreneurs. A policy analysis was also undertaken using the latest data published from Small Business Act for Europe to present Romania's performance between 2008-2016. The main results reveal that in Romania green entrepreneurship is not policy driven and the society needs more information about the concept of green entrepreneurship. In order to identify similarities or differences in green orientated businesses in a transition economy, a comparison between the case of Bosnia and Herzegovina and Romania was conducted. It can be concluded that there are resemblances between the countries which have a transition economy but in the same time entrepreneurial culture, the economic and political frame are different in each country and can lead to different performances.

Key-words: Green Entrepreneurship, Transition Economies, Small-to-Medium Enterprise
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List of Abbreviations

GE: ”Green entrepreneurship”
SME: ”Small-to-medium enterprise”
EU: European Union
SBA: The Small Business Act for Europe (SBA) is the ”EU’s flagship policy initiative to support small and medium-sized enterprises (SMEs)”
SCA: ”Specialty Coffee Association”
RECAI: ”Renewable energy country attractiveness index”
ASRO: ”The National Agency for Standardisation”
UNEP: ”United Nations Environment Programme”
EBRD: ”European Bank for Reconstruction and Development”
NCCC: ”National Commission on Climate Change”
1. Introduction

In recent years, green economy has gained increased attention from researchers and policymakers. In particular, this field of research is considered to be crucial to sustainable development, poverty elimination, and increased quality of life (UNEP, 2011). As a general definition, green economy is an economy that results in “improved human well-being and social equity, while significantly reducing environmental risks and ecological scarcities” (i.e. a low-carbon that utilizes resources efficiently, and is socially inclusive) (Ibid., p.16).

The concept of sustainability has become a central worldwide component of corporate business plans, acknowledged by executives as being highly relevant for the future of their businesses. The next decades will see rapid growth in global population, industrialization and economic development. Hence, as resources are limited, alternative measures must be find to meet this challenges. Green entrepreneurs are delivering viable options by providing efficient and safe operations while being environmentally and socially responsible (Farinelli et al 2011). Many scholars discuss the concept of sustainable development. Thomas Hahn underlines in the book "Access to resources" that the ambiguity of the concept of sustainable development contributed to its popularity. The common explanation of sustainable development is that it comprises of three pillars: environmental protection, social stability, and economic growth (Palmer, 2014). Thomas Hahn assumes that sustainable development is achieved when sustaining ecosystems allow for social and economic development. The author pinpoints that the economic aspect of sustainable development is not entirely about GDP growth but also concern strengthening the resilience of social and ecologic systems. This aspects is needed to sustain economic businesses (Ibid). According to Brundtland (1987), sustainable development is seen as a development that meets the need of the present and preserves the ability of future generations to meet their needs.

The concept of sustainable development has been evolving in various research areas including entrepreneurship (Ahmad et al., 2015). Green entrepreneurship is considered as one of the major drivers for green economy (Ibid). Moreover, the orientation towards sustainability resulted in a new entrepreneurship paradigm regarding the way in which a business can be conducted in an environmentally responsible manner. Entrepreneurship has already been recognized as an important instrument for a better sustainable society (Rahman, Amran, Ahmad & Taghizadeh, 2013).

In this regard, “green entrepreneurship” is an increasingly relevant phenomenon from a development perspective, but still under-researched as well (Farinelli et al 2011). The negative impact that environmentally-inefficient economic activities have on the environment and consequently on the economy have induced policymakers and scientists to emphasize the urgent need to move toward a more environmentally-sustainable development path by encouraging the adoption of sustainable practices and “cleaner technologies”. Fostering the development of green enterprises necessitates a more in-depth analysis as well as conditions and factors that influence green entrepreneurship (Ibid).
In the literature on green entrepreneurship, considerable attention is given to big companies compared to small and medium-sized enterprises (SMEs) and the problems that they face (Kronenberg and Bergier 2012, Farinelli et al 2011). Small and medium-sized enterprises (SMEs) are of crucial importance to the economy as they make significant contributions to job creation, are the engines of change and have been credited for introducing innovation, adapting to new ideas and responding to changes more rapidly, flexibly and efficiently than larger organizations (Farinelli et al 2011). Therefore a better understanding of how these small and medium businesses function is needed.

Currently, 99% of all the European businesses that are classified as small and medium size enterprises (SMEs), have fewer than 250 employees (European Commission, 2012). They provide two out of three private sector jobs and contribute to more than half of the total value-added generated by businesses in the EU. They are primarily responsible for increasing economic growth, next to their important role in innovation and research and development (Ibid). However, Levinsohn (2013) states that SMEs play a key, but the under-researched role, in contributing to the sustainability of local communities. Also, Holt et al. (2001) underline that the contribution of SMEs is substantial in fulfilling the national environmental targets and the fact that is hard to see how these national targets can be obtained without the involvement of SMEs. Additionally, Kronenberg & Bergier (2012) stressed the fact that there is a limited access to case studies from transition economies. Another area of further research might be on sustainability and SMEs. In addition, SMEs represent the largest share of businesses and they have an important influence on many individuals and communities (Ibid).

I have chosen to analyze the case of Romania which is a transition economy. According to Estrin and Mickiewicz (2010), entrepreneurial entry rates are lower in the transition economies, fear of failure with respect to starting a new business is higher, property rights protection remains deficient and the level of corruption is high. Moreover, all these dimensions affect access to finance (Ibid). One could argue that Romania's history of having mostly state-owned companies during the communist period, the political situation and instability of the legislative environment had an influence on the entrepreneurs and investors in Romania.

**Purpose**

Having all of the above as a starting point, the purpose of this master thesis firstly is to discover which are the factors that influence green entrepreneurship, whether existing barriers or incentives in SMEs in Romania, secondly to investigate the characteristics and status of green entrepreneurship in small companies and look for similarities, in case they exist and thirdly to document and map the policy related to entrepreneurship and environment in Romania.

The contribution of this paper to the existing literature is assessing green entrepreneurship in Romania, which has not been conducted before. Further, this thesis provides new evidence of how sustainability developments can be used as a viable option in transition economies. The main research question is to assess what factors green entrepreneurship influence in a transition economy. The main findings can be summarized as follows. First, legislation,
infrastructure, the overall motivation of people and the information about the business environment are the main factors that influence green entrepreneurship in Romania. Second, there is a lack of information about green entrepreneurship and an insufficient government concern to support green entrepreneurship in the country.

Limitations and further research

As in any other study effort, the present master thesis would benefit from further improvements. Testing the proposed questions on larger samples would make the analysis more precise and would present a clearer outlook on the perceived perception of green entrepreneurship in the country. In spite of travelling to Romania, the database for the SMEs was hard to come across. In addition, the rate of response of respondents was low and another important impediment was the time I had at my disposal. However, it is conceivable that the presented empirical framework in this study could be used in future research about SMEs and green entrepreneurship, particularly as it is an under-researched area. It can be also used as a starting point for policymakers interventions in development of green entrepreneurship in Romania.

To investigate this phenomenon I have chosen to use qualitative methods. The design of this paper is constructed in the following way. This master thesis starts with an introduction in section one, section two contains the literature review, and after that, section three, the methodological framework is composed of two parts. The first part is describing society’s perception of green entrepreneurship and the second part contains two case studies. The obtained data are presented and analyzed in the section four and five. To discover whether there are the same characteristics regarding green entrepreneurship in transition economies I will compare a study conducted in Bosnia and Herzegovina with the findings of this thesis. At the end, conclusions are detailed in section six.
2. Literature review

This thesis is closely related to three lines of literature: entrepreneurial policy, SMEs policy, and green entrepreneurship.

2.1 The increasing interest in entrepreneurship

Research findings confirm that entrepreneurship is important to economies and one of the most important contributions is job creating of new and small firms (Lundstrom and Stevenson, 2006). Entrepreneurship is also seen as part of the solution to reducing unemployment levels and future employment growth is likely to come from growth in entrepreneurial activity. Thus, governments are denoting more interest in how to encourage more entrepreneurship (Ibid). As stated by Lundstrom and Stevenson (2006) stimulating entrepreneurial activity involve a different set of policies than supporting the growth of existing SMEs. Governments are willing to discover gaps in their existing policy frameworks and to build an environment favorable to entrepreneurship (Ibid).

Broadly, there are three key elements of entrepreneurship research which influence policy thinking in the field of entrepreneurship and SMEs. These key elements are research on the entrepreneur; research on the enterprise and research on the environment for entrepreneurship (Lundstrom and Stevenson, 2006).

Research on the entrepreneur

Initially, McClelland (1961) in his research addressed the question if entrepreneurs are born or made but over the next couple of decades, Brockhaus (1979) and Kets de Vries (1977) studied entrepreneurs and they looked for other characteristics, such as risk-taking capacity and internal locus of control. Another group of researchers started to ask what factors predict whether someone becomes an entrepreneur? Shapero (1984) and Shapero and Sokol (1982) suggested that the decision to become an entrepreneur is profoundly influenced by family background, dissatisfaction regarding the workplace and life conditions. Gartner (1988) affirmed that researchers were asking the wrong question and advised that it would be more useful to examine the behaviors of entrepreneurs, what is it that entrepreneurs do actually. He believed that their behaviors matter, not the characteristics of entrepreneurs themselves.

However, economists were interested in the functions and roles that entrepreneurs realized in an economy. Neoclassical economic growth theory proposed that economic growth is achieved through capital accumulation and exogenous technological progress, so the entrepreneur's essential economic motive was neglected (Carree and Thurik, 2003; Lowrey, 2003). The emergence of endogenous growth models has repositioned the role of entrepreneurial activity, and consequently, of the entrepreneur, as a major variable in the economic growth of a nation (Carree and Thurik, 2003).
Research on the enterprise

Churchill and Lewis (1983) inferred that small firms have different needs at different stages of growth. Other authors remarked the negative impact of information asymmetries and pointed out different market failures (Lundstrom and Stevenson, 2006).

Kirchhoff (1994), Storey (1994), and Acs et al. (1999) have made important contributions to our grasp of the dynamic of business start-up and exit rates. According to Lundstrom and Stevenson (2006) in every country, there is evidence of a great deal of turbulence in the SME sector - new firms are being formed and existing firms are growing, downsizing and disappearing. If in the past, this volatility was seen as a negative feature nowadays this process of creative destruction is seen as a positive drive in long-term job creation and economic growth (Ibid). Parsley and Dreessen (2004) also underline that new firms are an important source of employment and wealth creation. The authors state that it is important to understand the difficulties and special needs faced by new firms and that government interventions could be addressed more effectively if conditions that foster the growth of firms could be identified (Ibid).

As reported by Bartelsman et al. (2003) policymakers should pay attention to this creative destruction because on one hand firm turnover depends on regulations and organizations that affect start-up costs and financing new businesses and on the other hand on market characteristics. Policies that encourage market competition, entrepreneurship and suitable bankruptcy rules play a role within this context of dynamism (Ibid).

Research on the environment for entrepreneurship

In economic literature exist a range of different other factors that influence entrepreneurship such as the political climate, the labor market structure, the regulatory environment, rules affecting entry and exit of firms, social security policies, fiscal policies, competition policies and structure of the banking systems (Lundstrom and Stevenson, 2006).

2.2 Entrepreneurship policy

Entrepreneurship policy appeared as a response to fundamental industrial and economic restructuring (Audretsch and Thurik 2001a). Wennekers and Thurik (1999), Verheul et al. (2001) and Audretsch et al. (eds.) (2002) propose a theory of entrepreneurship that combines aspects of culture, occupational choice, the resources available to entrepreneurs, and the extent of entrepreneurial opportunities in the economy. This frame is intended to provide insights to policymakers aiming to promote entrepreneurship. The researchers divided the entrepreneurship between the supply side and the demand side. They emphasize the different sets of policy interventions available to governments depending on which view is taken vis-a-vis the determinants of entrepreneurship (Wennekers and Thurik 1999, Verheul et al. 2001, Audretsch et al. 2002). While the demographic composition of the population, the resources, and abilities and individuals attitudes towards entrepreneurship are factors that influence the demand side, the supply side is determined by opportunities for entrepreneurship created by
new technologies, the differentiation of consumer demand and the industrial structure of the economy (Ibid).

Verheul et al. (2001) contour five types of policy interventions that could have an impact on entrepreneurial activity levels. These types of interventions are presented below:

- **Type 1 interventions** impact on the demand side of entrepreneurship;
- **Type 2 interventions** impact on the supply of potential entrepreneurs;
- **Type 3 interventions** affect the availability of resources and knowledge for potential entrepreneurs (advice, counseling, direct financial support, entrepreneurship education);
- **Type 4 interventions** shape entrepreneurial values in society;
- **Type 5 interventions** alter the risk-reward profile of entrepreneurship through taxation, labor market legislation, bankruptcy policy.

According to Reynolds et al. (1999), in a GEM report he stated that a policy focus on entrepreneurship was very significant for three major reasons: (1) there is a strong positive relationship between new start-up rates and measures of economic prosperity; (2) new enterprises are contributing considerably to both gross and net employment growth; (3) the ability of a country to replenish the stock of businesses and jobs and to accommodate the volatility in the small business sector will allow it to be best positioned to compete effectively in the global economy.

Government's entrepreneurship policy approach depends on many factors such as country's economic structure and level of development; its economic, political and social priorities; the views held by government about where growth comes from and what factors lead to it; its levels of unemployment, self-employment; entry rates and exit rates of businesses and the depth of its existing SME support infrastructure. Broadly speaking there are four types of entrepreneurial policies (Lundstrom and Stevenson 2006):

1. "E-extension" policy (as in an add-on to SME policy) - this policy approach describes the situation where a government introduces entrepreneurship-oriented measures within their SME policy framework. A government with this kind of approach is one that does not have a specified entrepreneurship policy. Nonetheless, the primary policy focus of these governments is adjusted towards addressing market failures and "levelling the playing field" for existing SMEs.
2. "New firm creation" (or business start-up) policy - this policy is willing to simplify the start-up process and eliminating government-induced administrative and regulatory barriers to business entry and exit. The objective of New firm creation policy is to diminish the time and cost to a minimum so more people will be able to start their businesses.
3. "Niche" entrepreneurship policy (target group approach) - this policy focuses on stimulating higher start-up rates among particular parts of the population. The rationale for target group policies could be job creation, social inclusion, gender equity or labor
market integration. Governments motivate their interventions on the basis of social, systemic or market failures. "Niche" entrepreneurship policy is often complementary to an E-policy approach. This policy type may be more effective in countries where the overall entrepreneurship culture is strong, but where is needed help for certain groups of the population to overcome unfavorable effects.

(4) "Holistic" entrepreneurship policy - this policy is very complete. It incorporates the policy measures of the other three types - diminishing barriers to business entry; ensuring the small business support system is able to respond to the needs of new entrepreneurs; and making financing available for start-up businesses but, in addition concentrates on integrating entrepreneurship within the education system, promoting an entrepreneurial culture and creating a positive climate for entrepreneurship. Governments with a more holistic entrepreneurship policy approach tend to adopt more horizontal structures for its development and implementation. This means that the ministry responsible for entrepreneurship builds collaborative relationships with other ministries to promote a common vision and agenda.

2.3 A comparison between SME policy and entrepreneurship policy

Lundstrom and Stevenson (2006) argue that entrepreneurship policy and SME policy are inter-related but at the same time distinctive because these two policy areas have different objectives. The most important objective of SME policy is to strengthen existing SMEs by ensuring they have a "level playing field" comparative to large firms and governments tend to interfere on the basis of neoclassical market failure arguments (Ibid). Entrepreneurship policy has as the main goal to stimulate higher levels of entrepreneurial activity by influencing a greater supply of new entrepreneurs (Ibid). Notwithstanding market failure arguments are still employed to justify government interventions, reasons for broader government actions are made on the basis of systemic and government failures and cultural constraints. In entrepreneurship policy, it is insufficient to focus only on a friendly business environment and it is necessary to emphasize a favorable entrepreneurship culture and climate (Ibid).

Nevertheless, in practical terms, there is overlap between these two policy domains. Entrepreneurship policy is the base of SME policy and is needed to stimulate entrepreneurial activity (Ibid). Without efforts to encourage the development of positive attitudes, motivated people, nascent entrepreneurs, start-ups, and young emerging firms, the foundation for an efficient SME policy will be confined (Ibid). Lundstrom and Stevenson (2006) claim that the suitable type of policy will change depending on the government's decisions to address either market failures, systemic failures or cultural failures, at which stage of the entrepreneurial or SME development process.

Governments have a choice of whether to use general or specific policy measures to accomplish the desired result. In the areas of entrepreneurship and SME policy, we see both approaches. In SME policy, general framework policies would incorporate such things as more open competition, fair taxation, and reduced administrative burden on smaller firms. In entrepreneurship policy, general framework policies would include such things as promoting entrepreneurship as an employment option for everyone, introducing entrepreneurship in the
education system, and reducing the time and cost of starting a business. Specific measures in each of these two main policy areas would focus on addressing systemic, market, and other failures. In SME policy, small firms are disadvantaged in capital markets, so governments implement loan guarantee or micro-loan programs for businesses. In entrepreneurship policy, specific policy measures might highlight particular groups of the population under-represented as entrepreneurs, implementing special programmes for women, young people, and ethnic minorities (Ibid).

Lack of access to financing is seen as one of the most significant barriers to the start a new business and it is one of the oldest SME policy issues. This is the policy field where governments are the most active and they focus on the SME financing issue because they are trying to fill gaps. There are five significant reasons for making interventions in the SME financing field, all based on market failure arguments (Ibid):

- loans to small firms pose higher transaction costs for traditional lenders
- small firms pose a higher lending risk because of perceived higher failure rates
- new firms are less likely to meet the collateral security requirements of traditional lenders
- new technology-oriented and early-stage firms pose a high risk because of the uncertainty of their commercial viability
- entrepreneurs are subject to information asymmetries and consequently disadvantaged in terms of access to information about sources of financing

As an answer to these failures government seeks to introduce interventions to (1) reduce the transaction costs of lending to small businesses; (2) reduce the risk banks take in lending to small businesses; (3) improve access to financing in cases where innovative small firms are unable to attract traditional financing; (4) growing the flow of equity capital; and (5) reduce the asymmetry of information for SMEs including initiatives to link the communication gap between financiers and entrepreneurs (Ibid).

2.4 Green entrepreneurship

Green entrepreneurship appeared as a reaction to the environmental challenges that we are facing (Melay and Kraus, 2012). Authors like Blue (1990) and Berle (1991) were focused on topics related to entrepreneurship such as environmental protection, recycling, alternative energy source implementation and responsible investments. Berle (1991) describes the term of green entrepreneurship as being a business opportunity that can protect the earth and bring money. Almost all the definitions related to green entrepreneurship are also related to the start-up phase of a company. Green entrepreneurs see environmental values as a competitive advantage of their company and understand environmental values as an essential component of their identity (Allen and Malin, 2008). In literature, green entrepreneurs are often pictured as a stimulus which can bring about the desired change in society, and change the behaviour of the existing firms by making them more responsible (Parrish and Foxon, 2009; Hockerts and Wustenhagen, 2010; Schaper, 2010). This denotes that researchers need to devote more attention to this topic (Gibbs, 2009). Universities play an important role in this process and entrepreneurship education should focus particularly on how to provide students with a
business experience that can serve as an essential condition for the successful realisation of their entrepreneurial ideas (Isaak, 2010; Kuckertz and Wagner, 2010).

Over the last decade, there have been political, economic and social changes in EU Member States that have had a major impact on the Romanian business environment, and the way in which entrepreneurship is perceived. The main aim of entrepreneurship, is identifying new economic opportunities and their use by initiating a new business or developing an existing business. Thus, entrepreneurship should be encouraged in every country because its existence can create a competitive European economy capable of creating new jobs and developing new products and services (Pendiuc and Lis, 2013). According to many researchers that have brought an outstanding contribution to the concept of entrepreneurship, a business cycle is seen as the result of innovation which comprises of creating a new idea and its implementation in a new product leading to a dynamic growth of the national economy, the rise in employment and the creation of profit for the innovative company (Schumpeter, 1911; Schumpeter, 1942; Dejardin, 2000; Jääskeläinen, 2000; Thurik & Wennekers, 2001; Barreto, 1989).

Nowadays, people are searching for an optimal solution to adapt to the socioeconomic environment. To be successful in entrepreneurship implies ambition, will, responsibility, knowledge, entrepreneurial skills and the courage to confront challenges and to take risks (Pendiuc and Lis, 2013). According to Brown et al. (2011) taking risks is typical for entrepreneurs and less important for employees. Other authors argue that entrepreneurship is defined as the activity of people willing to risk their careers, activity, and funds available to put into practice a new idea (Knight, 1967 and Drucker, 1970). Caree and Thurik (2002), state that an entrepreneur always assumes risk in his work, but that these risks are calculated. As a result, entrepreneurs can learn from both their own and others’ successes and failures, which enables them to improve their skills and adapt their attitudes (Ibid).

Pendiuc and Lis (2013) argue that the goal of each European country should be to encourage business start-ups and develop entrepreneurial skills, taking into account the benefits that entrepreneurship can bring from an economic and social point of view (Ibid). Entrepreneurship is the engine of economic development and Porter (1990) emphasizes that “Invention and entrepreneurship are at the heart of national advantage” (Ibid., p. 125). The European Union encourages the development of entrepreneurship, promoting the creative and entrepreneurial behavior in all Member States and has a duty to reduce the barriers and obstacles which tend to block entrepreneurship. The decision to start a business is influenced by many factors, including economic and social situation, the legislative and bureaucratic difficulties, the existence of suitable market opportunities, financial obstacles (Pendiuc and Lis, 2013). In this context, this research brings attention to which are the factors that influence green entrepreneurship, whether exists barriers or incentives in SME in Romania.
3. Methodology

The following section will present how this research was designed and which methods were used to help understand better the situation of green entrepreneurship in Romania.

3.1. Research design

According to De Vaus and de Vaus (2001), a research needs a design before data collection or analysis can start. The authors underline that the function of a research design is to guarantee that the evidence obtained facilitate us to answer to the initial question (Ibid., 2001). Figure 3.1. presents the steps used in this master thesis that helped in obtaining the answer to the research question.

Two strategies can be identified when collecting data necessary for a research: qualitative and quantitative. While some authors claim that the researcher should select only one method, others assert that a combination of these two methods will bring more value to the research and offer a better understanding into the researched phenomenon (Kuada, 2012, p. 91; Bryman & Bell, 2011, p. 26). For the proposed topic of this thesis, the techniques that I have chosen to use for data collection are only qualitative methods.

Collected data can be basically divided into primary and secondary data (Kumar, 2005). Primary data collection is to be collected through interviews, survey or questionnaire (Saunders, 2003). In this study, these data were collected primarily through questionnaires and interviews. Secondary data collection is used in the aim to get background information about the research area from studies of documents such as articles, websites, and scientific papers. Secondary data embrace different kinds of literature which usually includes textbooks, journals, and online sources (Bryman and Bell, 2003). For this master thesis, secondary data had to be collected earlier in order to shape the questionnaire and the interview structure.

Prior to presenting the results, there is a need to analyze the gathered data. Miles and Huberman (1994) distinguish three phases of data analysis:

1. Reducing data in which data is selected, simplified, conceptualized, and transformed. At this stage, the data is encoded.

2. Presenting data on which information is assembled into more accessible forms on the basis of which it is easier to see what is happening.

3. Drawing up and verifying the conclusions. Conclusions can occur from the earliest stages of data collection - regularities can be seen, explanations or causal chains. As the data are analyzed, these incipient conclusions can be transformed and developed into a coherent set of conclusions.

Coding is the process by which data is disassembled, conceptualized and reassembled into other new data (Strauss and Corbin 1998). Codes are labels attached to units with the same
meaning in the data gathered - whether they are words, sentences, phrases, or entire paragraphs (Șandor, 2013).

For the collected data I have used an open encoding. As stated by Strauss and Corbin (1998) in an open encoding, the material is scrolled and for each text unit, we attach codes as they appear in the text. We can even use words from the text or try to conceptualize them; codes are often marked on the edges of the data sheets. Codes are compared, unified, renamed or modified (Ibid).

After coding, we can proceed to the next step which is the presentation of the data. There is the possibility of presenting the data in a quantitative, narrative or a tabular format. I chose to present the data in a quantitative style. In this way, we can simply list the different types of response or present the central trend (the most common answer) or their scattering (how varied were the answers) (Șandor, 2013).

For a better understanding of green entrepreneurship in Romania, I have decided to analyze additionally two case studies of green business orientated entrepreneurs. The case study is the most appropriate method when we want an in-depth investigation of a subject, but also of the context in which it unfolds (Șandor, 2013). Flyvbjerg (2011) indicates the fact that the case study is intensive, being more complete, richer and more detailed. Multiple case studies offer us more convincing conclusions using the comparison between cases.

Yin (2003) classifies case studies according to the purpose for which we want to use them:

1. Exploratory, where field research and data collection can be done before defining hypotheses. This type of study can be considered as a preliminary study for some research.

2. Descriptive, where the cases are related to a theory and describe how each aspect of the advanced theory case links, trying to see how cause-effect relationships work.

3. Explanatory, in which we seek to find causal relationships explaining the phenomenon studied.

This master thesis combines exploratory approach with the explanatory approach. Case studies can focus on one case or on more cases. The single case study is used to generate, confirm or invalidate a theory in a single or extreme situation. Since this master thesis investigates two companies as a case study, additionally to the other methods, the research will take the form of a multiple case study. Multiple case studies can offer us more convincing conclusions and allow us to study each case, as well as to study each characteristic in several cases (Șandor, 2013 p. 158).
Research question: What factors influence green entrepreneurship in a transition economy?

1. Society’s perception of green entrepreneurship.
   - Academia
   - Business sector
   - Government

2. Two case studies

- Data results and analysis

- Comparison between Romania and Bosnia and Herzegovina and see if there are similarities or differences between them.
- Conclusions

Figure 3.1. Research design

Source: Own interpretation
3.2. Data collection

The first step involved sending surveys to representatives of the business sector, academia and government, to understand the society's perception of green entrepreneurship and get insight into their knowledge of and views on the current entrepreneurial environment for green business. The following questions were asked:

Q1: How would you define the term “green entrepreneurship”?

Q2: Are you familiar with the legal framework intended to support and promote “green entrepreneurship”?

Q3: Are you familiar with small and medium enterprises that are considered “green entrepreneurs”?

Q4: Are you familiar with the training programs for green entrepreneurs?

Q5: Are you familiar with some instruments for investing in and promoting “green entrepreneurship”?

Q6: What do you perceive as advantages and possibilities for the development of “green entrepreneurship”?

Q7: What do you perceive as main obstacles to the development of “green entrepreneurship”? 

Same questions were asked in a similar study conducted in Bosnia and Herzegovina by Silajdžić, Kurtagić and Vučijak (2015). As a result, I will compare these two countries that both are transition economies and see if there are similarities or differences between them.

The survey is an indirect method of data collection. In this research, the technique used to collect data was electronic. The questions were sent by email and received in the same way.

The advantages of this technique are obvious: costs are low, speed can be quite high (generally the responses are quick to e-mail communications, and unanswered messages tend to remain unanswered). The response rate is quite small, it can be increased by subsequent messages or by providing incentives. What can also help is to promise to send to respondents survey's results (Şandor,2013). I have used subsequent messages as a technique to increase the rate of response.

The basic tool of the survey is the questionnaire. From the point of view of the form of the required answer, I have used closed questions and open questions. Closed questions are those questions where there are variants of response that are offered to the subject. Open questions allow the respondent to formulate the answer as they wish. In this way, we can get richer information responses or we can get answers that maybe we did not expect (Ibid.,2013).

Answers to open questions are noted exactly as they were formulated by the respondent. The variety of responses can cause further problems in interpreting the collected data. The answers must be post-coded, what it means, we must achieve a grouping of them (Ibid.,2013).
The representativeness of the sample (the quality of having the same distribution of characteristics as the population from which it is extracted) is the criterion by which we can judge the external validity of a survey. If we are dealing with a survey on a representative sample, we can generalize the results for the entire population. If the sample is not representative, the results are only indicative (Ibid., 2013). From all the questionnaires that were sent, I have received 17 responses in total from the population that was targeted. In this case, the results obtained in this paper are only indicative.

Background information has been also collected in questionnaires. For the questionnaire applied to those in the academic environment, I needed information about the respondent’s age, sex and city of origin. In the questionnaire sent to the business sector I wanted to obtain data on how big the company is: micro, small or medium, because these companies were the target of this master thesis. These questions were included at the end of questionnaire because they can be unattractive or uninteresting for the interviewees, but they are significant for the researcher (Qreferat.com, 2017).

In order to see if the questionnaire has a perfect form, it is needed to test the questionnaire, respectively to verify the way of understanding, interpretation, and acceptance of the questions from the respondents’ point of view. Testing the questionnaire is absolutely necessary in any situation and in any type of survey. If those surveyed are generally the general public, it is known that there are differences between the level of culture of those who write the questionnaire, who are specialists in the field, and respondents who do not have the specialized technical language. Thus, in the questions you may find words or strictly specialized phrases and which will not be inflected by most of the investigated ones. During this stage, the following points should be checked: if the terms used are easy to understand and do not lead to confusion; if the order of the questions does not lead to any unfavorable reaction; if the question form allows the gathering of desired information; if the questions are not too long and do not cause disinterest or irritation to those investigated; if some questions are not helpful; if the input and link texts are sufficient and effective; if the number of open questions is not too big to get the interviewee tired (Stiucum.com, 2017). As a consequence, the questionnaire was tested on 15 people and this sample included as many different people. The response rate was 26.66%, i.e. 4 respondents answered out of 15 and ultimately, the questionnaire was slightly modified. Although the questionnaire was originally written in English, in order to have a higher response rate, I decided to send it in Romanian and then translate the respondents' answers into English.

The questionnaire was distributed in order to get information about the society's viewpoint of green entrepreneurship and one of the main purposes of this thesis was to find out what is the opinion of those in the academic field, business field and not least of the government and those who are directly involved in policies. First, the questionnaire was applied to a sample of 105 respondents from the academic field from three of the largest and most well-known cities in Romania: Timisoara, Cluj-Napoca and Bucharest. Various departments have been contacted, such as: The Department of Agrifood and Environmental Economics; The Department of Business, Consumer Science and Quality Management; The Department of Civil Engineering and Management; The Department of Marketing and International Business Relations. The
intention was to have an opinion from different parts of Romania or at least to cover a major part of the country but 55,56% responses from academia were from Timisoara, 33,33% from Bucharest the capital and only 11,11% from Cluj-Napoca. Surprisingly, 66,67% of the respondents from academia that answered the questionnaire were female.

Then the same questionnaire was applied to a sample of 106 companies in the business sector. The database that I have used was one easily available but was not very large and included only companies in the western part of the country. Because the purpose of this master thesis is to investigate the SMEs, 80% of responses from business sector were from microenterprises while 20% were from medium-sized enterprises.

To find out the opinion of those involved in policies, the questionnaire was distributed to 16 ministries within the Romanian government.

The second step involved the analysis of case studies on green entrepreneurship that helped to acquire a deeper understanding of the entrepreneurship environment from the aspect of green entrepreneurs and understand motives, challenges and obstacles they faced in developing their businesses.

The analysis was comprised of structured interviews with the business owners and the following aspects were analyzed:

- Basic information about the business: name, business description, number of employees;
- Starting point of the business;
- Financial information about the business;
- Overall motivation;
- Strengths, challenges and constraints;
- Impacts: social, environmental, economic;
- Lessons and recommendations.

These questions helped us to have a more deep analysis of what does society perceive as advantages for the development of green entrepreneurship and what are the main obstacles to the development of green entrepreneurship. The interview questions are also in line with the study of Bosnia and Herzegovina (Silajdžić, Kurtagić and Vučijak, 2015), which facilitates the comparison of these two transitions economies.

3.3. Reliability and validity

According to Goode & Hatt (1952), reliability is the extent to which repetition of the study would result in the same data and conclusions. In other words, reliability refers to the reproducibility of the measurements or if we can rely on our own ability to obtain very similar
data again (Hammersley, 1987). In this thesis, it is believed that reliability is considered to be hard to evaluate because the socio-economic environment is changing all the time and because of the fluctuation of the policies that exist in the country.

According to Bryman and Bell (2007) validity determines how trustful findings are and how these findings can reflect the reality. For qualitative research instead of internal validity, credibility is used. This type of validity is extremely important when we want to find out whether the effects observed in the case of the participants are those that act within the studied phenomenon and not others that we have missed (Șandor, 2013). To improve the quality of results, I used several methods in the same research such as surveys and two case studies. This tactic is called triangulation (Ibid., 2013). Miles and Huberman (1994) suggest that triangulation is one of the methods for verifying data quality. The construct validity of this master thesis is obtained by offering an answer to the research question which was "What factors influence green entrepreneurship in a transition economy?".
4. Results

This section will concisely present the main findings concerning society’s perspective of green entrepreneurship in Romania, data from the case studies will be also described and policy related to entrepreneurship and environment.

4.1. Policy related to entrepreneurship and environment

In this sub-section, I have chosen to present entrepreneurial environment in the country and measurements undertaken by the government. In this part, the emphasis is on policies that promote entrepreneurship and policies for the environment. To have the latest information about this matter, I have used the latest data published from The Small Business Act for Europe (SBA) which represents the EU’s flagship policy initiative to support small and medium-sized enterprises. Thus, the latest information published was SBA fact sheet in 2016 and they present SBA performance of Romania from 2008 to 2016.

In the following part, I will present a selection of the measures that were considered the most important and that the government took. After this description, to get a more interesting and descriptive view of the policies and measurements that were undertaken by the government, I decided to divide them into technology push, market pull, and general environment programs.

Entrepreneurship

The Romanian government has taken multiple initiatives under the "think small first" principle, which requires policymakers to take SME interests into consideration. According to SBA fact sheets 2016, Romania implemented significant measures such as a legal measure with positive effects on the Fiscal Code assigned by the Ministry of Public Finance, where the turnover ceiling for micro - SMEs increased from EUR 65 000 to EUR 100 000. The Ministry of Justice in 2015 introduced a measure known as "Amendments to the company law 31/1990" and brings important implications for the business environment and influence how creditors of a shareholder may exercise their right to seize and sell the debtor’s shares. This measure was applicable for all types of companies. Willing to create a more business-friendly legal and fiscal environment the Directive 2012/17/UE was introduced in Romania through Law 152/2015 to connect central, commercial and company registers. In the same time during 2015, the Ministry of Economy, Trade and Business Environment’s Department for Entrepreneurship Policies has achieved certain consultations in order to obtain a better communication between government and business sector. The purpose of these "Consultations of SME stakeholders" was to understand and obtain information about SMEs specific needs (European Commission, 2017 p. 6).

Regarding entrepreneurship, in Romania, its performance is above EU average (Ibid., p.7). Despite these good results, the opportunity-driven entrepreneurial activity is one of the indicators that decreased significantly in 2015. Another indicator that is lightly under EU average is entrepreneurship education at post-secondary levels but the implementation of education curriculum is approximately well applied. Since 2010, Romania has focused on promoting entrepreneurship. It aimed to create an entrepreneurial culture among students,
teachers, women and young people. Four of the most important measures introduced in 2015 and the first quarter of 2016 were: a) "Romania HUB” aims to create a common platform dedicated to entrepreneurship in order to promote cooperation and create partnerships between different stakeholders and is an initiative of the Department for SMEs, Business Environment and Tourism; b) the Ministry of Energy, SMEs and Business Environment introduces the "Programme to develop entrepreneurial skills among young people and facilitate their access to funding” that helps young people to enlarge their entrepreneurial skills and to access funds to establish new SMEs or develop the ones that already exist; c) in addition to the last programme, the Ministry of Energy, SMEs and Business Environment initiated a "Programme to stimulate the setting-up and development of micro-enterprises by first-time entrepreneurs". In this programme, they offered tax incentives to young entrepreneurs that start their first business; d) The "Programme to develop entrepreneurial culture among women managers in the SME sector” was also an important tool for encouraging women to become entrepreneurs and offer them direct financial support (Ibid., p. 7).

**Access to finance**

Romania's score regarding access to finance is in line with the EU average. In Romania, SMEs are perceived as risky for banks and doesn't exist a regulatory framework for an alternative source of financing or an investor and entrepreneur protection. Recently, Romania has introduced a law that regulated conditions for individual investors and in this way they can benefit from some tax facilities. However, Romania is at a preliminary stage of diversifying funding resources. In the past few years, 36 measures were introduced and specially oriented towards SMEs’ need to obtain co-financing for their EU projects and to encourage the absorption of structural funds (Ibid., p. 10).

Some of the most important measures that were implemented are the following: a) The ‘Programme to develop marketing activities for market products and services’ was relaunched in the second half of 2015 with a budget of 6.2 million euro. This program is supporting and stimulating SMEs and facilitates their access to funds in order to increase their economic and technical performance. b) The ‘Income tax reduction for micro-SMEs’ introduced a system of differentiated tax rates for micro-enterprises depending on how many employees they have. c) The ‘Reduction of the standard VAT rate‘ from 24 % to 20 %, has the purpose of reducing fiscal pressure and to boost consumption and investments (Ibid., p. 10).

**Environment**

Romania has inherited from the communist period serious environmental problems as a result of the industrial policy of that period. However, after 1990 environmental policy has undergone important positive changes. Romania's admission to the European Union resulted in the harmonization of Romanian environment legislation with the European one (Shahbaz, Mutascu, Azim, 2013 and Stanescu, 2012). Two most important projects of Romania's environmental policy are the Green House Program and the Rabla Program. The Green House program aims at installing heating systems using renewable energy. The purpose of this program is to improve the quality of air, water, and soil by reducing the degree of pollution caused by wood burning and fossil fuels used to produce heat used for heating (Stanescu 2012). The Rabla program aims to scrap old cars and provide a financial compensation for the
The purchase of a new car. The program had a real success in 2010, 190,000 old cars were scrapped and 63,000 new cars were purchased. These two projects were highly successful, marking significant progress in environmental policy of Romania (Ibid., p. 24). The latter had a major impact on entrepreneurs from the automotive field, helping them to sell more and increase their business.

However, in 2016 Romania has accomplished the least progress because no significant measures were adopted. Two indicators have significantly decreased since 2013 and maybe this is the explanation of country's poor performance. These indicators are: the first one is a lower proportion of SMEs have taken resource-efficiency measures and the second is the share of SMEs that benefited from public support measures to produce green products (European Commission, 2017 p. 13).

In 2013, a grant-supported credit line from the EU funds and the EBRD was adopted, dedicated to promoting Romanian private sector investments in energy efficiency, while in 2014, two Ministry of Economy programs offered grants to reduce greenhouse gas emissions and increasing energy production from renewable sources. These two programs were the ‘Energy efficiency in the industry for SMEs program’ and the ‘Renewable energy program’ focusing on hydro and geothermal energy (Ibid., p. 13).

During 2015 no significant additional measures were adopted and as a result, Romania has descended in the ranking of the most attractive markets for renewable energy investments. If during 2011, Romania was ranked 13th in the world among the most attractive countries for green investments, the legislative changes in the last years and the lack of their predictability have determined the sharp decrease of our country's attractiveness for green energy investors. In 2013 Romania occupied the 33rd position while in 2015 the 35th position and according to the Renewable Energy Country Attractiveness Index (RECAI) report of May 2017, Romania is no longer in the top 40 (Ziare.com, 2017). In figure 4.1.1., we can see how it looks the renewable energy country attractiveness index between 2011 and 2017.

![Figure 4.1.1. Renewable energy country attractiveness index RECAI 2011-2017](source: Own interpretation)
Measures undertaken by the government

Even though Romania's SBA performance has a progress since 2008 and is generally above EU average, the overall performance on the SBA areas remains modest due to persisting weaknesses in its implementation, particularly on Skills & innovation, the Single market, Environment, and Internationalisation (European Commission, 2017 p. 3).

Since 2008, Romania has implemented many policies measures indicating a strong policy activity in the country and the areas that saw the most significant progress were Access to finance, ‘Responsive administration’ and State aid & public procurement (Ibid., p. 3).

‘Responsive administration’ refers to the fact that public administration is responsive to SMEs needs. The public administration provides a reasonable time and costs for someone who wants to start a business and offers specialized online services to accelerate the development of SMEs. Among the measures adopted under ‘Responsive administration’, two strategies are notably important: The ‘National Strategy for Youth Policy for 2015-2020’ and the ‘Strategy for Competitiveness 2015-2020’. The first strategy tends to stimulate youth mobility in the internal labor market, increase self-employment and improve the relevance of vocational education training to the needs of SMEs. The latter strategy focuses on entrepreneurship, innovation, efficiency and cluster creation. Furthermore, specific measures for tax reductions

Figure 4.1.2. SBA Profile – Romania

and fiscal incentives for business angels were implemented within this policy area (Ibid., p. 8-9).

State aid & public procurement has significantly improved its performance and is now close to the EU average. However, there is still room for improvement, mainly over public tender participation (Ibid., p. 9). Under State aid & public procurement, the government sent an important signal to the business environment with the reform of public procurement (Ibid., p. 4). ‘State Aid schemes’ have aimed to support the development of SMEs, create new jobs, increase the competitiveness of industrial products and support regional development by stimulating new investments (Ibid., p. 10).

According to European Commission (2017) on Single market, Romania performs below the EU average and the results show there is still room for improvement, particularly in increasing the export performance of Romanian companies. The ‘Romanian Portal for Foreign Trade’ works as a single point of contact to support SMEs in the single market. Only one significant measure was implemented during 2015. The National Agency for Standardisation (ASRO) launched in 2015 the ‘SME Portal’ on its official website and the purpose of the portal is to improve information flow and knowledge transfer to SMEs over standardization processes (Ibid., p. 11).

Skills & innovation is the most problematic area for Romania. Enterprises do not invest enough in training, and the public authorities are not adjusting the education of the future workforce with the market needs. Moreover, participation in adult education is very low. During 2015 and the first quarter of 2016, only one significant measure was being implemented. The ‘Law providing for the suspension of taxes in the field of protection of industrial property’ intents to protect the intellectual property rights of SMEs, thus stimulating research and innovation among Romanian SMEs (Ibid., p. 12).
<table>
<thead>
<tr>
<th>Policy approach</th>
<th>Name of the policy or measurement</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Technology-push</strong></td>
<td>Strategy for Competitiveness 2015 -2020</td>
<td>Focuses on entrepreneurship, innovation, efficiency and cluster creation</td>
</tr>
<tr>
<td></td>
<td>Law providing for the suspension of taxes in the field of protection of industrial property</td>
<td>intents to protect the intellectual property rights of SMEs, thus stimulating research and innovation among Romanian SMEs</td>
</tr>
<tr>
<td><strong>Market-pull</strong></td>
<td>Increasing the turnover ceiling for micro-SMEs from EUR 65 000 to EUR 100 000</td>
<td>This is a legal measure with positive effects on the Fiscal Code</td>
</tr>
<tr>
<td></td>
<td>Amendments to the company law 31/1990</td>
<td>It affects how creditors of a shareholder may exercise their right to seize and sell the debtor’s shares</td>
</tr>
<tr>
<td></td>
<td>Consultations of SME stakeholders</td>
<td>The purpose was to understand and obtain information about SMEs specific needs</td>
</tr>
<tr>
<td></td>
<td>Romania HUB</td>
<td>Aims to create a common platform dedicated to entrepreneurship in order to promote cooperation and create partnerships between different stakeholders</td>
</tr>
<tr>
<td></td>
<td>Programme to develop entrepreneurial skills among young people and facilitate their access to funding</td>
<td>Helps young people to enlarge their entrepreneurial skills and to access funds to establish new SMEs or develop the ones that already exist</td>
</tr>
<tr>
<td></td>
<td>Programme to stimulate the setting-up and development of micro-enterprises by first-time entrepreneurs</td>
<td>Offered tax incentives to young entrepreneurs that start their first business</td>
</tr>
<tr>
<td></td>
<td>Programme to develop entrepreneurial culture among women managers in the SME sector</td>
<td>A tool for encouraging women to become entrepreneurs and offer them direct financial support</td>
</tr>
<tr>
<td>Programme to develop marketing activities for market products and services</td>
<td>Supporting and stimulating SMEs and facilitates their access to funds in order to increase their economic and technical performance</td>
<td></td>
</tr>
<tr>
<td>---</td>
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<td></td>
</tr>
<tr>
<td>Income tax reduction for micro-SMEs</td>
<td>Introduced a system of differentiated tax rates for micro-enterprises depending on how many employees they have</td>
<td></td>
</tr>
<tr>
<td>Reduction of the standard VAT rate</td>
<td>Has the purpose of reducing fiscal pressure and to boost consumption and investments</td>
<td></td>
</tr>
<tr>
<td>National Strategy for Youth Policy for 2015-2020</td>
<td>Aims to stimulate youth mobility in the internal labour market, increase selfemployment, promote entrepreneurship and improve the relevance of vocational education training to the needs of SMEs</td>
<td></td>
</tr>
<tr>
<td>Public procurement reform</td>
<td>Aiming to make procurement more accessible to SMEs</td>
<td></td>
</tr>
<tr>
<td>SME Portal</td>
<td>Aims to improve information flow and knowledge transfer to SMEs over standardisation processes</td>
<td></td>
</tr>
<tr>
<td>General environment programs</td>
<td>Energy efficiency in the industry for SMEs</td>
<td>Offered grants to reduce greenhouse gas emissions</td>
</tr>
<tr>
<td></td>
<td>Renewable energy program</td>
<td>Offered grants to increase energy production from renewable sources</td>
</tr>
</tbody>
</table>

Source: European Commission, 2017 p. 5-13 / Own interpretation

As we see in the table above, the measurements are oriented towards market pull. Hence, this is likely to influence Romania's poor performance in terms of innovation. No significant measures were implemented regarding the environment, so overall there are still important issues regarding Romania's policy activity.
Furthermore, according to The World Bank Europe and Central Asia Region (2014) report, Romania is making progress in addressing climate change institutionally, but there is space for betterment. Coordination among government agencies over climate change is weak and the solution proposed for this issue is to restructure and strengthen the National Commission on Climate Change (NCCC). There is a lack of adequate sector policies requiring integration of climate change into sectoral programs and investment. Additionally, the awareness of climate impacts and action by ministries and the general public is low. Furthermore, the capacity for implementing climate action at the national and local level barely exists. At the same time, research capacity, monitoring systems, and public education programs on climate change are very poorly represented (The World Bank Europe and Central Asia Region, 2014 p.37). Dumitru and Stoenescu (2011) also find that sustainable development education is not undertaken as a specific educational objective in the primary and secondary school curricula at the national level, thus leading to reduced chances of students’ previous exposure to sustainable development principles (Ibid., p. 31). Dumitru and Stoenescu (2011) underlines that investing in education can lead to economic growth and at the same time sustainable development depends on education (Ibid., p. 32). Mustata et al. (2013) recommend that Romanian higher education should adjust more to the realities of the current business environment. Including the principles of sustainable development into university syllabuses will prepare for sure students for future business challenges of tomorrow (Mustata et al., 2013 p. 816).

4.2. Society's viewpoint about green entrepreneurship

As mentioned before, I received 17 responses in total from the population that was targeted. The response rate was low (8.57% for the academics, 4.72% for the business sector and 18.75% for those in the government), but De Leeuw and Heer (2002) found in the study of several surveys conducted in several countries that the rate of response to questionnaires has decreased in all countries. Decrease varies from country to country, due to different refusal rates. There are authors who believe that the response rate is not a major issue for the questionnaires. Langer (2003) mentions a series of opinion polls in which increasing response rates has no bearing on the overall results. Therefore, efforts should be devoted to investing resources towards improving the research design rather than increasing the response rate.

Academia

One respondent from academic field argues that green entrepreneurship is a business that is developing in the new green area such as renewable energy or it can be a business which although it practices a traditional economic activity, it transforms the processes and technologies used in the business, in something green or sustainable. Three of the respondents described green entrepreneurship as an activity that consciously addresses a social or environmental issue through the implementation of entrepreneurial ideas that have a positive effect on nature and/or the environment and are also financially sustainable. Others characterized green entrepreneurship as an entrepreneurial venture designed to have a positive impact on all levels or an entrepreneurship-oriented towards sustainable development. The
last two respondents have defined the term of green entrepreneurship as that type of entrepreneurship that is dealing with ecological issues, eco-tourism, natural heritage or as a daring action.

When respondents were asked if they are familiar with the legal framework intended to support and promote “green entrepreneurship”, 5 out of 9 responded yes that they are familiar but 2 of those which are familiar only to a limited extent. 6 respondents responded that they are not familiar with small and medium enterprises that are considered “green entrepreneurs”. When asked if they are familiar with the training programs for green entrepreneurs, 8 respondents from academia answered that they are not familiar with such programs. Only 2 respondents are acquainted with some instruments for investing in and promoting “green entrepreneurship” while the rest of them they are not familiar with these instruments.

Respondents were asked what they perceive as possibilities and advantages of developing green entrepreneurship. From a long term perspective, the majority of the respondents answered that they perceive the following as advantages: the environmental protection, social welfare, possibility of job creation and the benefit of a competitive advantage on the regional and global market. On a short term, respondents see as an advantage other characteristics such as the implementation of good marketing strategies, improved business image for clients, better sales and financial incentives. Another stated major advantage was this “green” trend that is present in recent years. One of the respondents underlined that UE and national government focus on promoting and supporting of green/sustainable business and explains that are many possibilities of development as all the traditional businesses must improve their daily activities for contributing to sustainable development.

The first major disadvantage brought to discussion by the majority of respondents (5 such responses) is the legislative framework and insufficient government concern to support green entrepreneurship. To emphasize the government's lack of concern about green entrepreneurship is the fact that the only ministry that is entitled to promote and develop entrepreneurship did not answer the questionnaire I sent. Then equally the respondents consider as disadvantages the following: the lack of information about green entrepreneurship, people's reluctance to change and the fact that Romania has a linear economy. One respondent describes as a disadvantage the lack of funding while another respondent described more widely that an important inconvenience or drawback would be the multinational companies which conduct their activities in different sectors and by processes that are not friendly to the environment. These companies practically do not have an interest in the social protection and human health. As an example, the respondent mentioned the petroleum companies, which is known that over the years they push governments to accept economic activities which damage the biodiversity and the environment (as well as ultimately, on the long term, they will harm the economy).
Business sector

When it comes to defining the term "green entrepreneurship," business people describe GE as any environmental-friendly business (not necessarily funded by its own money) and capable of generating profits.

Respondents in the business sector are not at all familiar with the legal framework intended to support and promote “green entrepreneurship” and with the training programs for green entrepreneurs and also 4 out of 5 respondents are not familiar either with instruments for investing in and promoting the “green entrepreneurship”. When asked if they are familiar with small and medium enterprises that are considered “green entrepreneurs”, 3 of them answered yes while 2 said no.

Advantages for the development of "green entrepreneurship" that is described by business sector are environmental protection and the fact that a group is created or a community of those who develop green entrepreneurship and this community is steadily growing.

When they were asked what they perceive as main obstacles to the development of “green entrepreneurship", they emphasized aspects such as lack of information, lack of funding, insufficient government support and market pressure (trying to obtain everything cheaper and easier makes it harder to fit into the eco area).

Government

Of all the policymakers who were asked to answer the questionnaire I received three answers. The first has defined the term green entrepreneurship as representing the development of a business that places as a focal point in management policy the maintenance of all standards that are related to the protection and improvement of the environment. This government entity is not familiar with the legal framework intended to support and promote green entrepreneurship or neither with small and medium enterprises that are considered "green entrepreneurs"; at the same time is not familiar with the training programs for green entrepreneurs or with instruments for investing in and promoting green entrepreneurship. On the other hand, this governmental entity sees more and more possibilities for the development of green entrepreneurship because society is becoming more interested and informed about environmental issues and a more "green" lifestyle. The advantages of green entrepreneurship consist of all kinds of programs and grants that promote such initiatives. The main obstacles perceived are information and the conservative trends of entrepreneurs and perhaps the perception of obtaining a lower profit.

The next two governmental entities that responded underlined the fact that their attributions do not foresee the promotion and development of entrepreneurship in general and the "green" in particular. This authority specifies that the governmental institution with attributions in the promotion and development of entrepreneurship is the Ministry for the Business Environment, Commerce and Entrepreneurship.
4.3. Case studies

In this research were analyzed two case studies. The presentation of the most relevant data obtained and that helped me to answer my research question, are found in Table 4.3. The analysis of case studies on green entrepreneurship helped to acquire a deeper understanding of the entrepreneurship environment from the aspect of green entrepreneurs and understand motives, challenges and obstacles they faced in developing their businesses. In the same time, the case studies provide deeper insights into barriers and opportunities in developing green entrepreneurship and enable a comparison with Šilajdžić, Kurtagić and Vučijak (2015) study of Bosnia and Herzegovina. The novelty of this thesis is brought up by the comparison and discussion of sustainable entrepreneurship in two transition economies from Southeastern Europe. Same questions were asked in both case studies (Romania and Bosnia and Herzegovina). A set of questions were asked to find out society's perception of green entrepreneurship and other questions were asked when green entrepreneurs were interviewed. The only difference was that in order to find out society's point of view about green entrepreneurship, the authors of case study from Bosnia and Herzegovina interviewed also civil sector organizations. Romanian case study included only academia, business sector, and government. This led to the possibility to compare only the case studies of businesses orientated towards green entrepreneurship between these two countries and they will be detailed in section 5. The outcome of this comparison revealed that there are some similarities between green orientated ventures in transition economies.

Case 1 in this thesis is about retail in a retail business, having the purpose to serve only specialty coffee and a sustainable approach towards the coffee industry, while Case 2 is about a recycling business of traditional objects, their conservation and their reintroduction in a tourist circuit. The two cases are distinct. Case 1 began its business by accessing bank loans, while Case 2 used only its own funds.

One of the entrepreneurs started the business with the desire to bring something new and quality to the market and to create awareness about coffee farms, processing, roasting by collaborating only with traders that have an eye towards sustainability and reliable prices for producers. This business is recently launched, they used bank loans but the owner says that the investment can be amortized over a period of one year to a maximum of 2 years depending on the location. The other entrepreneur started the business not necessarily from the necessity so in other words not demand-driven but from the desire to offer a different kind of experience to people and to preserve the Romanian tradition, the preservation and reintroduction of the Romanian traditional objects into a tourist circuit. The owner, in this case, used own money and explains that if you do not need money (in the sense of profit), it's ok, but if you need this money and think about the return of your investment, it's not that easy. The employment capacity is not so similar. While in first case, they have a fixed number of employees, namely 11, in the second case they have only 1 fixed employee but they can hire freelancers and the number of employees can increase easily but decrease at the same pace if they don't need help.
When asked about challenges and constraints the entrepreneur from Case 1 underlined that one of the challenges of coffee business is dealing with the habits of coffee consumers, convincing them to try something new and gain interest in the journey that the coffee makes from the farm into their cup. This characteristic was brought up as well into discussion by those from academia who said that there is reluctance to change of people or in other words people’s attitude of embracing change. Another common feature for both entrepreneurs, which has a very important economic impact in a transition economy, is the creation of new jobs. This information obtained from interviews confirm the results from the survey.

In both cases, entrepreneurs recommendation is to start a business after a good deep research, to be very well informed about what you want to do, the machines that you’re using, who could be your costumers. It is important to have a good plan from the beginning and considering possible measure that can help the business to prosper. Another recommendation that seems to be important is to have passion in everything you accomplish and to be with your all heart at what you do and do it not just for the purpose of earning money.

Table 4.3. Factors that influence green entrepreneurship

<table>
<thead>
<tr>
<th>Factors that influence green entrepreneurship</th>
<th>Case 1</th>
<th>Case 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Legislation</td>
<td>✔</td>
<td></td>
</tr>
<tr>
<td>Infrastructure</td>
<td></td>
<td>✔</td>
</tr>
<tr>
<td>Motivation of people who want to start a green venture</td>
<td>✔</td>
<td>✔</td>
</tr>
<tr>
<td>Information about business environment and all aspects that derive from this</td>
<td>✔</td>
<td>✔</td>
</tr>
</tbody>
</table>

Source: Own interpretation
5. Analysis

After analyzing the responses of society's perception of green entrepreneurship, it has been noticed that all three areas (academia, business sector, and government) had similar responses. They are not familiar with the legal framework intended to support green entrepreneurship, neither with training programs for green entrepreneurs and also they are not familiar with instruments for investing in and promoting green entrepreneurship. Only in Q3, when they were asked if they were familiar with small and medium enterprises that are considered “green entrepreneurs” those from business sectors were more familiar with green entrepreneurs (60%) while academia only 33.33% were familiar with these enterprises.

To have a better overlook of the advantages and barriers perceived by the society, they are gathered and summarized in Table 5.1. respectively Table 5.2.

Table 5.1. Advantages perceived by society to the development of green entrepreneurship

<table>
<thead>
<tr>
<th>Academia</th>
<th>Business sector</th>
<th>Government</th>
</tr>
</thead>
<tbody>
<tr>
<td>the environmental protection</td>
<td>the environmental protection</td>
<td>all kinds of programs and grants that promote such initiatives</td>
</tr>
<tr>
<td>social welfare</td>
<td>is developed a group of those who develop green entrepreneurship and this community is steadily growing</td>
<td></td>
</tr>
<tr>
<td>jobs creation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>the benefit of a competitive advantage on the regional and global market</td>
<td></td>
<td></td>
</tr>
<tr>
<td>implementation of good marketing strategies</td>
<td></td>
<td></td>
</tr>
<tr>
<td>improved business image for clients</td>
<td></td>
<td></td>
</tr>
<tr>
<td>better sales and financial incentives</td>
<td></td>
<td></td>
</tr>
<tr>
<td>a &quot;green&quot; trend present in recent years</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Own interpretation
Table 5.2. Barriers perceived by society to the development of green entrepreneurship

<table>
<thead>
<tr>
<th>Academia</th>
<th>Business sector</th>
<th>Government</th>
</tr>
</thead>
<tbody>
<tr>
<td>• lack of information about green entrepreneurship</td>
<td>• lack of information</td>
<td>• lack of information</td>
</tr>
<tr>
<td>• lack of funding</td>
<td>• lack of funding</td>
<td>• conservative trends of entrepreneurs</td>
</tr>
<tr>
<td>• insufficient government concern to support green entrepreneurship</td>
<td>• insufficient government support</td>
<td>• perception of obtaining a lower profit</td>
</tr>
<tr>
<td>• people's reluctance to change</td>
<td>• market pressure</td>
<td></td>
</tr>
<tr>
<td>• linear economy</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• multinational companies that conduct their activities by processes that are not friendly to the environment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• legislative framework</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Own interpretation

All three parts, business environments, the academic and government spheres have recognized the lack of information on the subject of green entrepreneurship. This is in line with the empirical literature where the authors underline that education system fail to address sustainability principles into university syllabuses (Dumitru and Stoenescu 2011; Mustata et al., 2013 ). Academia and business sector underline the insufficient government concern to support green entrepreneurship. In this regard, The World Bank Europe and Central Asia Region (2014) states also that there is a lack of sector policies that requires integration of climate change into sectoral programs and investment.

Information obtained from case studies confirms the findings of society's perception of green entrepreneurship. The legislation is one of the essential factors that influence green entrepreneurship in Romania. Besides that, these entrepreneurs that were interviewed take into consideration other factors such as the motivation of people who want to start a green venture, information about the business environment and all the aspects that derive from this and last but not the least the infrastructure. The overall results are not a surprise. Bosnia and Herzegovina study has also confirmed that motivation and a forward-thinking orientation in terms of sustainability are key factors in a green business (Silajdžić, Kurtagić and Vučijak 2015).
5.1. Similarities and differences between Romania - Bosnia and Herzegovina in green orientated businesses

If some policies in some countries are successful they may fail in other countries. As a result, the results of comparative studies could be of great help. My purpose was to identify some general patterns in green orientated businesses in a transition economy and see what the common elements of the studied cases are. This type of approach is similar to that in which a qualitative research develops a theory (Sandor, 2013).

Silajdžić, Kurtagić and Vučjak (2015) conducted a research about green entrepreneurship in transition economies and they studied the case of Bosnia and Herzegovina. After they interviewed some entrepreneurs in the green sector they came to the following conclusions about the “green oriented” businesses: a) the business ideas started from entrepreneur's passion for the environment and healthy lifestyle. b) the need to create new income opportunities. c) all businesses have achieved the triple-bottom line of economic, environmental and social value creation without receiving any help from the government. d) the research has confirmed that in green business the most important traits are personal motivation and mission and a forward-thinking orientation towards sustainability. e) for the success of a business is important keeping good relations with local communities and local governments. f) the current situation in Bosnia and Herzegovina suggests a lack of initiatives in terms of investment and promotion instruments that would support the development of green entrepreneurship, the lack of financial support and entrepreneurial culture. However, Bosnia and Herzegovina has many sectors that can help green entrepreneurship to flourish, such as green energy, eco-agriculture, eco-tourism, education, consultancy, and eco-products (Ibid). If we compare the case of Romania with the case of Bosnia and Herzegovina we can find some similarities in green orientated businesses which are presented in Table 5.1.1.

Table 5.1.1. Similarities and differences between Romania - Bosnia and Herzegovina in green orientated businesses

<table>
<thead>
<tr>
<th></th>
<th>Bosnia and Herzegovina</th>
<th>Romania</th>
</tr>
</thead>
<tbody>
<tr>
<td>Green entrepreneurs exist in the country.</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>The business ideas started from entrepreneur's passion for the environment and healthy lifestyle.</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>The need to create new income opportunities.</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>All businesses have achieved the triple-bottom line of economic, environmental and social value creation.</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>In green business the most important traits are personal motivation and mission and a forward-thinking orientation towards sustainability.</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>For the success of a business is important keeping good relations with local communities and local governments.</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Lack of initiatives in terms of investment and promotion instruments that would support the development of green entrepreneurship.</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Government administration does not recognize its own role in encouraging entrepreneurship, especially when dealing with green entrepreneurship.</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Need for market research and business plan development for any business idea.</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>9</strong></td>
<td><strong>5</strong></td>
</tr>
</tbody>
</table>

Source: Own interpretation
If we look at the table above we can observe that exist some similarities between these two countries. Green entrepreneurs exist in both countries. The business ideas started from entrepreneur's passion for the environment and healthy lifestyle. According to entrepreneurs interviewed, in green business, the most important traits are personal motivation and a forward-thinking orientation towards sustainability. All businesses have achieved the triple-bottom line of economic, environmental and social value creation. This concept of "triple-bottom-line" was included in the corporate reporting standards and a broad definition of sustainable entrepreneurship contains a balance between these three issues: social, economic and environmental (Elkington, 1998).

Among various institutional indicators, property rights play an important role in determining entrepreneurial activity in low and middle-income economies (Aidis et al. 2009). According to Acemoglu and Johnson (2005) property rights institutions have noticeable effects on investment and financial development. In this regard, only one significant law was implemented in Romania in 2015 which is the 'Law providing for the suspension of taxes in the field of protection of industrial property'. On the other hand, Bosnia and Herzegovina has the weakest protection of property rights from the transition countries (Estrin and Mickiewicz 2010).

While Romanian government is willing to create a more business-friendly environment with a significant progress in access to finance and response administration (European Commission, 2017) the situation on entrepreneurship in Bosnia and Herzegovina suggests a lack of initiatives (Silajdžić, Kurtagić and Vučijak 2015). The differences between countries appear because of the economic and political frame and entrepreneurial culture in each country. Even if both countries have transition economies, Romania is part of European Union while Bosnia and Herzegovina is not. This has a major impact on both countries entrepreneurial performance. In this case, Romania is more advantaged because European Union encourages the development of entrepreneurship, promoting the creative and entrepreneurial behavior in all Member States (Pendiuc and Lis, 2013). The Single European Market consists of the free circulation of population, goods, services, and capital between Member States as if they were traveling in one country. Community legislation financially supports the development of disadvantaged areas within the Union, and also provides a way of integrating environmental policies (Șerban and Stanimir 2013, p. 14). A country's accession to the European Union is an opportunity for investors, much more business, with greater efficiency, due to the existence of a common code of rules. Removing obstacles and opening up national markets leads to increased competition between companies in the benefit of consumers, who will have a higher supply of goods and services at lower prices, the effect being the increase in the standard of living of the population (Ibid). Even though both countries have a transition economy and we tend to believe they have the same performance, the fact that Romania has joined the European Union has had a positive impact in many aspects and I could say that Romania is a step forward in comparison with Bosnia and Herzegovina.
6. Conclusions

Based on the results of this research I discovered that society recognizes as factors that influence green entrepreneurship the following problems: legislative framework and insufficient government support, lack of information about green entrepreneurship, people reluctance to change, the linear economy in Romania, lack of funding, multinational companies that conduct their activities in Romania and their processes that are not friendly to the environment, market pressure, conservative trends of entrepreneurs, perception of obtaining a lower profit.

Society, in general, needs more information about the concept of green entrepreneurship. All three parts, business environments, the academic and government spheres have recognized the lack of information on the subject of green entrepreneurship. This lack of information is also happening because sustainable education is not undertaken as a specific objective in the school system at national level (Dumitru and Stoenescu 2011).

An important conclusion may be the fact that green entrepreneurship is not policy-driven. The measurements undertaken by the government are more oriented towards market pull and only a few measurements stimulate technology push process. The investments in research and innovation are low and hence policy initiatives to enhance the innovation potential of SMEs should be put in place (European Commission, 2017). Romania needs to continue the process of simplifying administrative procedures for businesses, to increase the transparency and efficiency of its public administration (Ibid). Romania is clearly making a progress but there is space for improvement in many areas.

The findings of the case studies and responses to questionnaire helped to see similarities and differences regarding green entrepreneurship between two countries that have transition economies. The purpose of this thesis was to discover what are the factors that influence green entrepreneurship in a transition economy. Consequently, further research is encouraged in order to see if similarities apply also to other transition economies.
7. References


8. Appendix

Case 1 – interview conducted on 1st of May, 2017

Business description: The company is a small specialty coffee shop with 5 locations in Romania. We are a retail in retail business, having the purpose to create traffic in partners shops and serve only specialty coffee.

Overall motivation: The general motivation is to deliver a greater costumer service and to create awareness about great quality coffee consumption (coffee farm, processing, roasting).

Number of employees: 11

Starting point: We started with two locations, one head-barista and trainer and 4 baristas, with no experience in the field. There was a first one week sensory and espresso training.

Financial information: All equipment were bought with bank loans.

Strengths: Every cup is designated to a specific beverage, which makes it a lot easier for our clients to order. Quality of the coffee is the most important aspect that sets us apart, using only coffees that have over 85 point in the SCA chart.

Challenges and constraints: One of the challenges of this kind of business is dealing with the habits of coffee consumers, convincing them to try something new and gain interest in the journey that the coffee makes from the farm into their cup.

Social impacts: Costumers have access to all the information that we have regarding the coffee that they are drinking. They get to know the farmers names, photos from the growing region, every step that cherry take from picking to roasting and preparing. Transparency and traceability are important aspects in having a fulfilling coffee experience.

Environmental impacts: We encourage a responsible consumption and a sustainable approach towards the coffee industry. We also encourage the used coffee grounds to be repurposed (cosmetics, agriculture, etc).

Economic impacts: By drinking specialty grade coffee, farmers and pickers from the growing coffee farms are encouraged to study more about coffee in order to improve the cherry quality and become a more important element in the supply chain. We also create work places for passionate baristas and encourage them to perceive this job as a career rather than a summer job.

Lessons and recommendations: As far as we are concerned, we would not recommend to start a specialty coffee shop without having the passion to prepare coffee. Before you start selling you’re first coffee be sure that you are well informed about the coffee you’re working with, the machines that you’re using and who could be you’re costumers.
Case 2 – interview conducted between 9th of May 2017 - 6th of June 2017

Business description: The business is diverse. First of all, it is a sustainable travel business and sustainable holiday homes that we offer to people who want to find themselves, want to decelerate and for this reason, our view is that deceleration is important from many points of view. Our house is a a house of German origin bought in 1997. I started the idea of buying a house In Romania where to relocate me because I was being sold or I can say "exported" to Germany a long time ago. The house was transformed into a place of experience, how authentic and sustainable it can be: starting from the tomatoes we have planted to the excursions, the rooms and everything we offer there.

Why is it sustainable? It's sustainable because this is an old house since 1890 and we are actually using only natural materials from this area, we create new jobs, we try to select the garbage, we do not consume much water or much current. I have reintroduced the old objects into the circuit, such as a hemp breaker with which clothes were made, the beds are made of oak from this area, we did not buy new plastic or wood windows but we retrofit the old ones. The floor, the old one was preserved as well.

Overall motivation: Because we live in a world where we are surrounded by consumers of resources. I believe, however, that so many people who are in this world and the resources that are somewhat limited are very important and we have to be connected with nature and to re-use things and not participate in the dismantling of the world, but on its development or transformation somehow. For this reason, I believe that the business we have chosen, that is tourism or we can call it also "soft-tourism" or "slow-tourism", decelerates the pace of people, in my opinion, and they find their peace of mind. They find values in painting, sculpture or in the workmanship of which this house was made. I think that only with sustainability we find a sense of life and in this way, we do not participate in the dismantling of the world.

Number of employees: The business is small, we have only one fixed employee. We hire freelancers if we have hiking or if we need them to work at the house. In this way, the number of employees can grow very fast and it can drop as well really quickly. So the number of employees is flexible.

Starting point: One day I realized that I spend more than 85%-90% of the time outside the house. Being only in nature and outside of the house and having so many rooms that I first set up to use for myself, my family and my friends, I began to think that it would still be better and easier to start to reconstruct and restore the house in the Romanian traditional way. But because this was expensive, I thought about starting a business renting rooms and doing some kind of exchange of experiences.

So I started with the idea of having a space in which to live and then slowly incorporated a bit the Airbnb-style that is happening today. I mean that for example you have a house and you share a room or two to support a few of the expenses of the house. It was a kind of anticipation of the Airbnb-style because when I started my business idea, there was no Airbnb on the market. So, I started this business and then extended it a little but without losing my
identity and the idea of where I started, in the sense that I did not exaggerate with the business in the sense of turning the house completely into a tourist nest.

Financial information: Own money.

Strengths: a) is a house in nature, people today look for this, it is a quiet place, it is a kind of spa in nature; b) we meet all kinds of nice people who come and we share our space with them, and these people give us good feedback or other ideas; c) it makes a very good promotion for the country, for Romania and change the image of people from abroad. For example, tourists who come here go as ambassadors back to Germany and tell everyone about the beauty of Romania; d) it depends on how strong the business develops. With more homes, you can live out of this business along the way, but for me it was a kind of hobby that has become somehow a business. But of course, it can be more exploited if you focus on this; e) the village's image changes, the houses are being renovated, the people in the village get to work and with their help we renovate the houses, they work on the sewerage, etc. In this way, the money stays in the village and in a way the village community participates in the activities of this business.

Challenges and constraints: a) infrastructure (roads); b) you have to work with people permanently because you cannot do all by yourself, so you need a hand in every sense of the word. You need people who clean up the property, who are punctual etc; c) we have to be there permanently, someone always has to be there, an administrator or someone who knows everything there because everything is also connected to our personality, those who are in the house and the guests we receive. Guests do not necessarily come only for the house, we are also involved, so we do not have freedom all the time. In a way, it is a loss of freedom, but on the other hand a gain of freedom, so the business has both advantages and drawbacks; d) there is always something broken or wrong at the house and we have to be sure that the people in the village who come to work and help us will be actually at work on time; e) we have a maximum of 4 months of season, so a short season, season in which the weather must be good. It should not be too much drought or too much rain. That would not be a very big hindrance but still has an effect during the stay of the tourists. I would not call them tourists because there are only people who are looking for a different kind of experience and that is why I would like to call them guests; f) as I said before, everytime there are things that need to be changed: changing the annex next to the house, where we kept various agricultural tools, the roof, the tiles, plus the preservation of heritage items. We want to keep the patrimony objects, but there is a constraint at the same time. The idea is that you can not change something because you want to do it (indeed it would be easier to use new materials but it would not look the same anyway) and so everything becomes more expensive both in terms of time and of resources when it comes to using old materials. It's not easy to find old materials, as they were built in the past, and even if you find they cost a lot of money; g) another challenge would be to find people that work in a traditional way and here I mean people who know how to work with traditional old tools. This workforce is expensive. This is not necessarily a hindrance but rather the fact that they are very busy and you have to wait a long time until you can work with them. For this reason, you need to create relationships and know people who know how to work well but who have another job and could help us in their free time.

Social impacts: The social impact of business is the involvement of people from the village or surrounding villages. They have the opportunity to meet people who come from another story, another world, and the ties that are formed between these people. For example, a regular woman in the village who knows how to cook very well and does this from passion
and the need for money, she met a group of Germans who were osteopaths. They treated her back so spontaneously and since then she had no problems with her back. These people have treated her and it's a very big social impact, I would say. In my opinion, there are social impacts in both directions. The village takes advantage of these people because this is another type of tourism, it is not the type of tourism where people come to a hotel without a yard, stay one night, take a breakfast and leave. I could say that we have a more sustainable social impact, a kind of slow tourism. We have some people in the village who offer dray rides, and tourists have the opportunity to buy honey from the villagers or other products that they can offer and in this way, it creates a social impact on the village which in turn can both maintain and earns some income.

Environmental impacts: We motivate people to collect garbage. People in the village take our example, they see how we restore the facades of the houses or the yard, that we make everything look beautiful and after that, they do the same in their turn. We open the eyes of guests and the eyes of people in the village to see what beauty they have around them. Guests go to the villagers and they can buy natural and homemade products such as honey or other products or they buy cow's milk (a cow that lives permanently in nature and eats grass that has never been treated).

Economic impacts: We create jobs. There are a few people who do not depend on us, but they supplement their income by working with us or others who took our example. At the same time, we also create indirect workplaces. Some people come to us, see what we have done here, they want to do the same thing and go to another village and start a business similar to ours. In this way, they also create new jobs. People in the village also benefit from this business, it has a direct impact on them, seeing what we do and engaging in our activities. We give hope to the people in the village that if you are hardworking you can still fulfill some desires without having to go abroad and work there.

Lessons and recommendations: a) it would be good to do a lot of research and think well why you want to do this business. The term "profession" in German is called "Beruf" and "Beruf" comes from "Berufung" which means vocation. A job is very loud tied of vocation, vocation is where you are called with heart, passion, with what you do, then you automatically do it well, and you do it profitable somehow if you put all your attention on it; b) be with your all heart to what you do and do it not just for the purpose of earning money. If you are involved in this, it's a lot of work, of course, but it's also fun; c) to investigate well if they are in the right position and if yes then to research what they want, where they find all the necessary things, what kind of people are in the village, if they can do business out of it, so a very profound research is needed from all points of view, thinking absolutely on everything. If for example you do not have enough your own financial resources and you need to borrow money (from somewhere else such as a loan) and invest in this project then a business out of it in a village is not safe (eg: you can hear bad news about Romania on TV and automatically your business drop, tourists are beginning to stop coming in, so it's a good idea to think about how this thing develops and realistically to account how much as it should be invested); d) take a small step at first, arrange a room because that everyone can afford in a way this, then see what works and then expand your business according to what you earn. Meanwhile, you get the experience, then you make a second room ready for guests and then the third one, etc.
If you do not have multiple rooms you buy a second home and so on. Over time, you get a lot of experience and you know what you need and what you do not need, you inspire from others, newspapers, the Internet and from the guests who come and give you feedback; e) my advice is to be hard-working, to do a serious research before and then start with small steps but with your own money. And those who start out with a lot of money such a business is not that easy because there is a fairly high risk. If you do not need money (in the sense of profit), it's ok, but if you need this money and think about the return of your investment, it's not that easy.