

Entrepreneurship Development Perspectives in the Republic of Moldova. Case Study – Central Region

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ARTICLE INFO	ABSTRACT
<p><i>Article history:</i> Accepted August 2024 Available online August 2024</p> <p><i>JEL Classification:</i> O10, O13, M21</p> <p><i>Keywords:</i> Moldova, entrepreneurship, balanced development, competitiveness</p>	<p>The development of entrepreneurship in the central area of the Republic of Moldova is particularly important for the economic growth of the region and the country, for creating jobs, stimulating innovation and reducing the gaps between urban and rural areas, with an impact on improving the quality of life of the area's inhabitants. The development of entrepreneurship can play an essential role in reducing economic disparities between urban and rural areas, by creating jobs, diversifying the economy, improving infrastructure and access to resources, and contributing to the balanced economic development of the region. Thus, the Central Region has the potential to become an economic engine that positively influences the entire nation, contributing to social and economic stability and the integration of the Republic of Moldova into the global economy. The purpose of this paper is to present the results of an investigation at the level of the Central Region of the Republic of Moldova that took into account the perspectives of balanced economic development of the region based on the competitive advantages it offers to potential entrepreneur.</p> <p style="text-align: right;">© 2024 JARDS. All rights reserved.</p>

1. Introduction

Entrepreneurship plays a major role in a country's economy, being a driver of innovation and economic growth. Entrepreneurs are the ones who identify market opportunities, develop new products and services, and contribute to job creation. In addition, entrepreneurship is essential for diversifying the economy and reducing dependence on certain sectors, contributing to an economy more resilient to market fluctuations. Entrepreneurship can also have a positive impact on local communities by stimulating the regional economy and improving the quality of life.

Entrepreneurship development is the process by which new businesses are created and supported, by stimulating private initiative, promoting innovation and ensuring a favorable environment for business growth and development. This process involves, in addition to entrepreneurial education and access to financial resources, the appropriate infrastructure, the existence of an entrepreneurial culture that encourages risk-taking and the experimentation of new business ideas.

The Center Development Region represents an essential pillar of the Moldovan economy, with a combination of strong traditions and potential for modernization and economic growth:

- Industry and services: Chisinau is the financial and commercial center of Moldova, hosting most banks, insurance companies and large enterprises. The IT and telecommunications sector is booming with many local and international companies. The light industry (textiles, clothing) and

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food industry (processing of agricultural products) are well represented. The Orhei region is known for the manufacture of ceramics and clay products.

- Agriculture and winemaking: Fruit and vegetable cultivation is extensive, with significant production of apples, plums, cherries and various vegetables. There are initiatives to develop organic farming and sustainable farming methods. The Centru region is recognized for its quality wines. Towns like Cricova and Mileștii Mici are famous for their underground wineries, which also attract many tourists. Vine growing is a major economic activity, with an emphasis on the production of white and red wines, sparkling wines and divins (Moldavian brandy).
- Tourism and cultural heritage: Căpřiana, Hâncu and Curchi monasteries are popular destinations, with particular religious and historical importance. The region has a high potential for the development of eco-tourism and rural tourism, with picturesque landscapes and well-preserved local traditions. Villages in the region offer authentic experiences, from local gastronomy to traditional crafts.
- Infrastructure and connectivity: Chisinau, as a nodal center, is well connected by road and railway networks, facilitating the transport of goods and passengers within and outside the region. Chisinau International Airport serves as the main air access point for Moldova, offering flights to various international destinations.

Under these conditions, the development of entrepreneurship is not only an essential factor for economic growth but also a key element for innovation, social stability and sustainable development. By supporting entrepreneurship, long-term prosperity can be ensured and economic disparities between the various regions of the Republic of Moldova can be reduced.

2. Literature review

Entrepreneurship has emerged as a critical driver of economic growth, innovation and social change in the contemporary global economy. The literature on entrepreneurship spans various disciplines, reflecting its multifaceted nature. Schumpeter is often credited with laying the foundations of modern entrepreneurship theory, emphasizing the role of the entrepreneur as an innovator (Pradhan et al., 2020). This notion has been extended by scholars who highlight the dynamic processes through which entrepreneurs identify and exploit opportunities, thus contributing to economic dynamism (Gnyawali, Fogel, 1994; Kumar, 2008; Johnson, Schaltegger, 2020).

Contemporary research increasingly focuses on the contextual factors that influence entrepreneurial activity, including social, cultural and institutional environments. The “entrepreneurial ecosystem” approach (Isenberg, 2010; Khalatur et al., 2021; Anh et al., 2022) emphasizes the importance of a supportive environment that includes access to finance, education, infrastructure and networks. This perspective aligns with studies emphasizing the role of human capital and education in fostering entrepreneurial intentions and success (Davidsson & Honig, 2003; Li et al., 2020; Sharma, 2021; Olmo-García et al., 2023). Furthermore, there is a growing interest in the role of social entrepreneurship, where the focus is on the creation of social value rather than just economic profit, reflecting a broader understanding of the potential impact of entrepreneurship (Dees, 1998; Varga et al., 2020; Gu et al., 2021).

Gender and diversity issues are also gaining prominence in the entrepreneurship literature, research exploring the barriers and opportunities underrepresented groups face in entrepreneurial activities (Brush et al., 2009; Imedashvili et al., 2013; Dhahri et al., 2021). Furthermore, the impact of digital technologies is reshaping traditional notions of entrepreneurship, enabling new forms of business models and market entry strategies (Nambisan, 2017).

In short, the entrepreneurship literature reflects a rich and evolving field that continues to expand our understanding of the complex factors that drive entrepreneurial activity and its varied impacts on society and the economy. This body of work not only informs policy and practice but also raises important questions about the future direction of entrepreneurship in an increasingly interconnected and digital world.

3. Material and methods

As a method for analyzing the perspective of entrepreneurship development, a questionnaire was created and applied to a number of 500 inhabitants of the Central Region of the Republic of Moldova. The questionnaire is a useful tool in such an analysis and offers the possibility of obtaining information on the respondents' perceptions and future intentions regarding the development of an entrepreneurial activity.

To explore and analyze various aspects related to the development perspective of entrepreneurship in the Center Region, the questionnaire method was used as the main data collection tool. The questionnaire was designed to cover the specific objectives of the research and to gather accurate and relevant information from the respondents.

The collected data was stored securely and was prepared for statistical analysis. SPSS software was used for data analysis. The statistical analysis included quantitative and qualitative analyzes to quantify the demographics and intentions of the respondents regarding the development of entrepreneurship in the region, as well as the PivotTable that gave us the possibility to calculate, summarize and analyze the data collected based on predefined variables. In this way, we were able to obtain a more accurate picture of the entrepreneurial context according to the answers received from the respondents, ensuring the replicability of the study, as well as the reliability of the results obtained.

The limitations of the research come from the fact that the sample consisted of only 500 respondents, but the results obtained can be extrapolated to the national level or to other regions of the Republic of Moldova that share similar development paths.

4. Results and discussions

The target population of the study was formed by the adult population of the Center Region from both urban and rural areas, and the sample was selected through a random sampling method. The sample size was 500 respondents and data collection were done through face-to-face interviews. During the data collection, measures were taken to ensure the anonymity and confidentiality of the respondents so that they would feel comfortable giving honest and accurate answers.

Thus, to identify the development perspective of entrepreneurship in the Central Region, a questionnaire composed of 25 questions, structured in two sections, was used: in the first part, general information was collected regarding the demographic data of the respondents: age, level of education, their occupational status and income level, and the second part of the questionnaire sought to obtain answers regarding the attitude towards the development of a new business, the types of entrepreneurial businesses that should be developed in the Center Region, but also regarding the interest and the respondents' future intentions regarding concrete intentions to engage in entrepreneurial activities.

The questions were of a closed type, with predefined answers, but which allowed respondents to choose one or more answers so that they could express their opinions freely. To validate the content and structure of the questionnaire, it was pre-tested on a small sample of people from the target population. This step allowed the identification and correction of possible problems related to the understanding of the questions and the terms used.

Thus, in the first part of the questionnaire for establishing the perspective of entrepreneurship development, 500 inhabitants of the Central Region were interviewed, with a wide spectrum in terms of age, level of completed studies, occupational status, income category, such as and the area of residence of the respondents.

The second part of the questionnaire aimed to study the attitude of the inhabitants of the Central Region towards the development of a new business.

To be able to identify the development perspective of entrepreneurship in the Central Region, in the questionnaire, we included questions regarding the attitude of the respondents towards the development of a new business. We wanted to know the opinion of the residents regarding the economic environment in which they live, if the education received at school prepares young people to become future entrepreneurs, the type of business they think would be necessary in the area where they live, as well as if interested in the idea of opening a business and investing in an activity.

To the question "What type of business do you think would be needed in your area?" Please specify" I offered respondents the possibility to choose one or more answer options, but no more than three options, from the 11 proposed options. We mention that the proposed options also took into account the ideas received when we pretested the questionnaire on a sample of 30 people. The responses received were varied and covered a whole variety of ideas for potential entrepreneurial activities.

Given that the respondents were from both rural and urban areas, the first business idea that residents considered necessary was the opening of local markets: village fairs for the valorization of local food products (16.3%) of the total responses received. This economic activity would bring benefits to local agricultural producers because they could more easily capitalize on their agricultural products, but at the same time, it would also bring benefits to consumers because they could benefit from fresh, quality products at more affordable prices being shortened the valorization chain of these local products (Fig. 1).

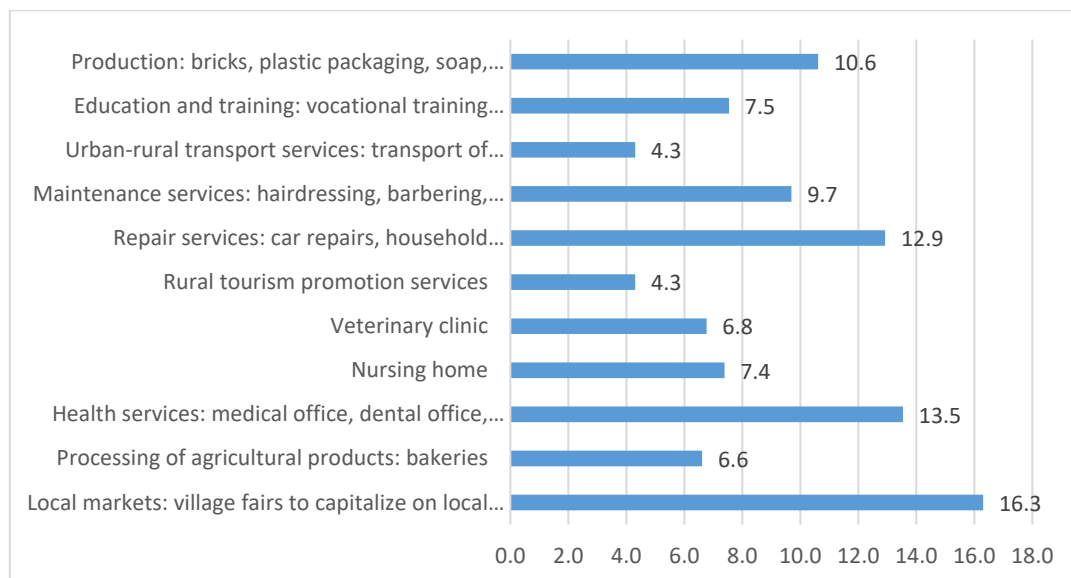


Figure 1. Respondents' opinion regarding the need to develop new entrepreneurial activities in the Center Region

Source: own processing

The following two business ideas proposed by the respondents are based on the need to cover some services that are missing in certain areas of the Center Region: health services: medical office, dental office, psychological office, with a proportion of 13.5% of the total number of responses obtained, but also repair services: car repairs, household appliances, shoes with a proportion of 12.9% of the total number of answers obtained.

Other business ideas that can cover a local need are production activity: bricks, plastic packaging, soap, and brooms (10.6%), as well as maintenance services: hairdressing, barbering, manicures and pedicures (9.7 %).

The rest of the business ideas consider activities in the field of education and professional training (7.5%), health services for the elderly (7.4%), and medical services for pets (veterinary clinic) with a proportion of 6.8%, followed by agricultural products processing services, bakery (6.6%). The fewest initiatives are registered in the rural tourism promotion sector (4.3%) and in the goods and people transport services sector (4.3%).

Another question "How interested are you in the idea of opening a business in your area?" He wanted to capture the residents' interest in the idea of entrepreneurship in the Central Region. Thus, of the 500 respondents who answered the questionnaire, 184 of them are interested in starting an entrepreneurial activity in the next period (36.8%), followed by the category of 152 inhabitants who declared that they are not interested in this purpose (30.4%) and then those who are undecided in number of 100 inhabitants (20.0%). Respondents who were very interested in opening a business were 7.2% (36 inhabitants), and those who were not at all interested were 28 people - 5.6% (Fig. 2).

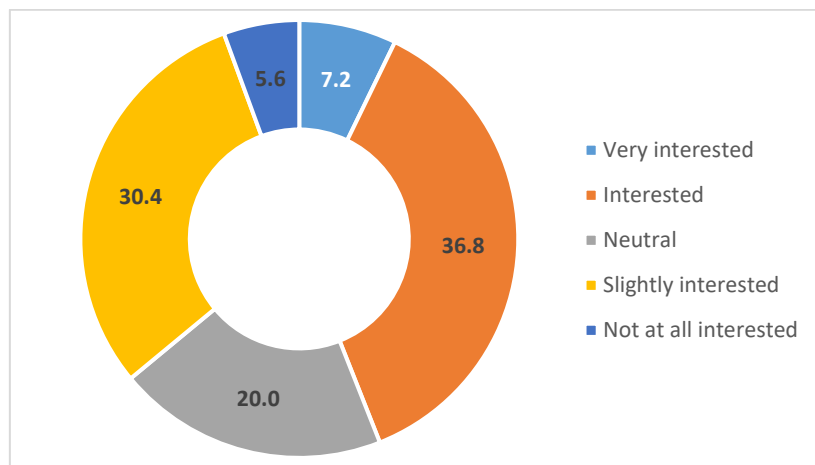


Figure 2. Respondents' opinion regarding the intentions to open an entrepreneurial activity in the Center Region

Source: own processing

The distribution by age categories of the respondents highlights the fact that the inhabitants belonging to the age categories 18-25 years, 26-35 years, as well as 36-45 years are the most interested in getting involved in future entrepreneurial activities. Also, as the respondents get older, their interest decreases (Fig. 3).

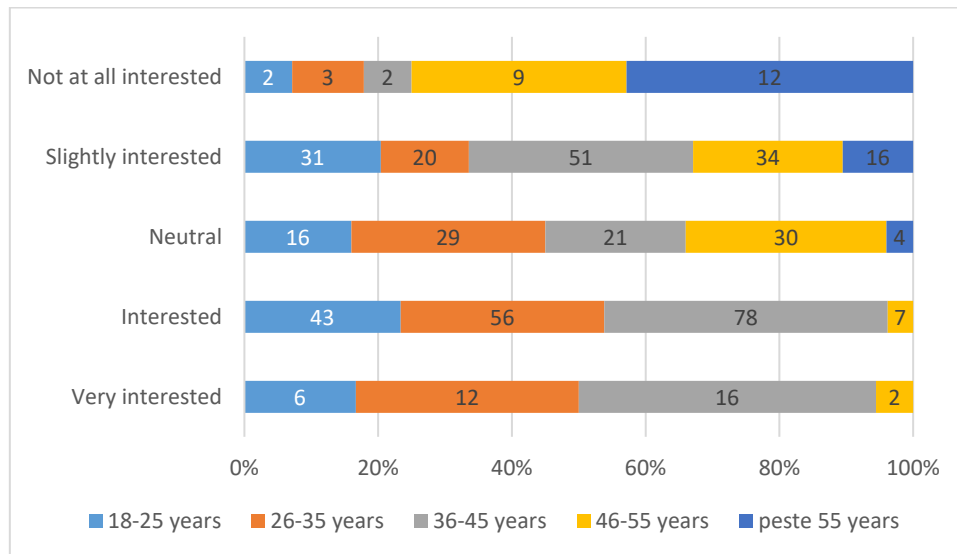


Figure 3. Distribution of respondents' entrepreneurial intentions by age group

Source: own processing

To the question: "What are the main benefits you see in opening a business in your area?" more than half of the respondents stated that the main benefit was the increase in income (51.7%), followed by two other aspects highlighted approximately equally: the diversification of the offer of existing products and services (21.1%) and the creation of new jobs (18.4%). The last benefit identified was covering an existing need for products and services with only 8.8%. This relatively small percentage shows the fact that the respondents do not know the need for products or services or are not interested in promoting products and services that are missing in their area of residence, a fact that could represent a minus in the development strategy of the proposed businesses (Fig. 4).

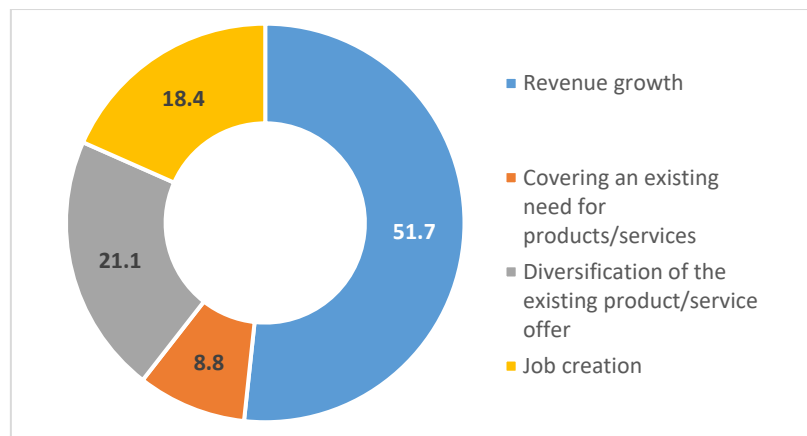


Figure 4. Respondents' opinion regarding the main benefits that entrepreneurial activities can bring

Source: own processing

The success of a business is strongly influenced by its ability to meet existing market needs and diversify to meet ever-changing consumer demands and preferences. A successful business balances both, ensuring that it effectively responds to current market needs while innovating and expanding to remain relevant and competitive in the long term.

To the question: "What are the main obstacles to developing a business in your area?" the main obstacle identified by respondents was insufficient funding (38.1%), followed by lack of qualified staff (34.7%)

and excessive bureaucracy and other regulations imposed in the field (24.5%). A percentage of only 2.7%, represented by only 8 respondents specified that an obstacle to the development of a business is the potential competition in the proposed field (Fig. 5).

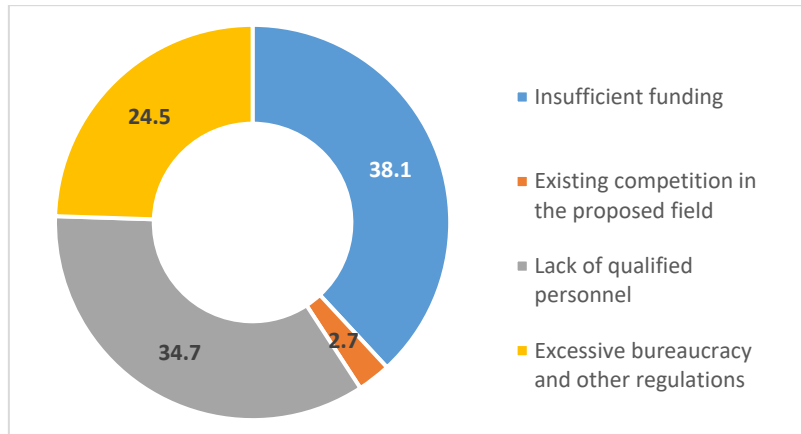


Figure 5. Respondents' opinion on the main obstacles in the way business development

Source: own processing

The main obstacle to the development of a business can vary according to the specific context of each business and the economic environment in which it operates, but each of the factors mentioned: lack of financing, lack of qualified personnel, excessive bureaucracy and existing competition can play a significant role and can become a big obstacle in certain circumstances, but lack of finance is often seen as the main obstacle as it affects all other aspects of business development. Without adequate financing, a business cannot invest in skilled personnel and compete effectively in the market.

Entrepreneurship development is essential for sustainable economic growth and improving the competitiveness of a country's economy. This contributes to innovation, which enables adaptation to rapid market changes and the creation of new markets. Entrepreneurship stimulates the development of human resources by creating jobs and by encouraging education and vocational training. A strong entrepreneurial sector can also attract foreign direct investment and promote the country's integration into the global economy. In a social context, entrepreneurship can reduce economic inequalities by providing economic opportunities for disadvantaged groups and contribute to social stability by creating economic opportunities in disadvantaged communities.

5. Conclusions

Following the applied questionnaire, it can be concluded that the development of entrepreneurship can play an essential role in mitigating economic disparities between urban and rural environments, contributing to balanced economic growth and improving the quality of life in the Central Region of the Republic of Moldova.

Entrepreneurship development can bring benefits in the following directions:

- Job creation: entrepreneurship can generate new jobs within small local businesses, bring additional income and improve the standard of living of the inhabitants of these areas;
- Development of local infrastructure: As entrepreneurship develops, there is a greater demand for adequate infrastructure, roads, telecommunications and access to basic services. Improving infrastructure, supported by entrepreneurial initiatives, can facilitate access to markets, education and health services, helping to reduce urban-rural disparities.

- Diversification of the economy: entrepreneurship can bring economic diversification, which are often dependent on agriculture. By developing businesses in other sectors, such as tourism, crafts or services, the economic vulnerability of these communities can be reduced and new growth opportunities can be created.
- Improving access to financial resources: through initiatives to support entrepreneurship, such as microfinance funds or support programs for start-ups, residents can have easier access to capital to start and develop businesses. This can reduce economic disparities by facilitating the economic participation of the population.
- Improving the quality of education and vocational training: the development of entrepreneurship can lead to a greater demand for education and vocational training. Entrepreneurship training programs can provide the skills needed to start and manage businesses, thereby helping to increase the skill level of the workforce.
- Stimulating local innovation: entrepreneurship can bring innovative solutions to local challenges. Businesses that develop sustainable solutions adapted to local needs can significantly improve living conditions, especially in rural areas.

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