

REDUCING REGIONAL ECONOMIC GAPS IN ROMANIA BY PROMOTING INNOVATIVE ENTREPRENEURSHIP: A PROPOSAL FOR ACTIONS

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Abstract

Innovative entrepreneurship is a key aspect of the business environment in both the European Union and Romania. The implementation of appropriate support measures can foster economic growth, technological advancement, and job creation, ultimately contributing to regional and national economic prosperity. The provision of adequate support can act as a catalyst for economic growth, technological advancement, and job creation, ultimately contributing to progress on both regional and national levels. Encouraging and nurturing innovative local entrepreneurs in Romania presents a strategic opportunity to foster regional economic diversification and drive sustainable development. To ensure effective support, efforts should focus on facilitating resource access, fostering inter-sectoral collaboration, and promoting entrepreneurial skill development. Effective support for innovation in Romania should prioritise facilitating resource access, fostering inter-sectoral collaboration, and promoting entrepreneurial education. Policies aimed at reducing regional economic disparities in Romania should place a strong emphasis on infrastructure development and widespread access to technology. The literature provides empirical evidence supporting the significance of these factors in stimulating regional economic growth and provides examples of nations that have been effective in this area. Effective policy implementation necessitates a collaborative approach, fostering coordination between central and regional governments while engaging the private sector.

Keywords

entrepreneurship, entrepreneurial activity, economic growth, innovation, technological development

JEL Classification

L26, L53, O31, O33, O40

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Introduction

A large number of researchers have examined the interplay between economic growth and regional disparities, investigating their influence on national development trajectories. Formulating effective regional development policies and reducing economic disparities necessitates a holistic approach that integrates all relevant factors.

The pursuit of economic growth as a driver of development has long captured the attention of leading economists. Pioneering figures like Robert Solow have dedicated their efforts to constructing and refining models that illuminate the underlying factors that fuel economic expansion. This focus on growth is a crucial element in formulating effective development strategies, as it allows policymakers to pinpoint the levers that can propel a region or nation towards prosperity. Economists like Solow and Romer highlighted human capital, technology, and innovation as key to regional growth strategies. These factors go beyond just output, shaping a more prosperous future.

While disparities in development and resource access across regions are a subject of ongoing debate and research, the field of regional economics specifically examines how these factors influence the relative economic performance of different areas. Socioeconomic disparities may arise from both long-term structural factors, such as infrastructure and educational attainment, and cyclical economic fluctuations. To address these problems, regional development policies have been developed in different regions and countries. These policies focus on increasing access to learning and skills development, stimulating creative business ventures, upgrading infrastructure, and facilitating partnerships between government and private entities.

The European Union's focus on regional development, for instance, has been a key way to even out economic differences across its regions. Their funding programs have supported projects that boost growth and development in different areas, helping to close the economic gap.

Striking a balance between promoting national economic growth and addressing regional disparities presents a persistent challenge. Effective policy formulation necessitates a multidisciplinary approach, drawing insights from economics, political science, sociology, and other relevant fields.

Mitigating regional disparities is a core tenet of economic and regional development strategies. Fostering innovative entrepreneurial ecosystems plays a critical role in achieving this objective. The achievement of balanced and sustainable development necessitates the equitable distribution of economic opportunities and resources across all regions, enabling them to fully realize their potential. By stimulating innovative entrepreneurial activity, these differences can be addressed and economic growth and well-being can be promoted in an equitable way. This approach is supported by strong academic research and practical examples from around the world.

This research investigates the impact of innovative entrepreneurship on mitigating regional economic disparities in Romania. This study seeks to quantify the impact of innovative entrepreneurship on regional economic development disparities in Romania. Subsequently, it aims to formulate policy recommendations and actionable strategies to bridge these disparities by fostering a culture of innovative entrepreneurship.

Furthermore, the present paper explores the potential of innovative entrepreneurship to bridge regional economic boundaries in Romania. The analysis is structured into a

comprehensive literature review, followed by a methodological description. Subsequently, the paper outlines a series of actions directed towards public authorities, educational institutions, and the business environment, all aimed at fostering innovative entrepreneurship for regional convergence. The paper concludes by summarizing the key findings of the study.

1. Review of the scientific literature

Regional territorial inequalities are major discrepancies in the economic, social, and demographic development of distinct geographical regions within a country or a larger region, such as the European Union. Intra-regional disparities in resource allocation, opportunity access, and development outcomes highlight uneven progress within a given territorial entity. These disparities represent a significant policy challenge as they can negatively impact societal cohesion, political equilibrium, and long-term economic growth.

Spatially differentiated development patterns, characterized by disparities between regions, are intrinsically linked to the concept of geographically distinct territories with unique socioeconomic characteristics. Heterogeneity in regional development outcomes can be attributed to a confluence of factors encompassing macroeconomic indicators like GDP per capita and employment levels, sectoral composition including industrial and service concentration, and sociodemographic characteristics such as access to healthcare and education, environmental quality, and population density. Territorial disparities, manifested through variations in socioeconomic indicators like GDP per capita, employment rates, and sectoral composition, as well as social and demographic factors such as healthcare access, educational attainment, environmental quality, and population density, represent a key feature of geographically uneven development patterns.

Innovative entrepreneurship defined by researchers such as Acs and Audretsch (2010) is the process of generating, developing, and implementing new ideas to create economic value that can make a significant contribution to regional development. Innovation and entrepreneurship can promote economic growth through the creation of jobs, increased productivity, and the development of new economic sectors. This can help to reduce regional economic inequalities while also providing opportunities for less developed regions.

Innovative entrepreneurship refers to the process of exploiting resourceful ideas, novel technologies, or disruptive business models into valuable products or services that benefit society (Block et al., 2017). This entrepreneurial approach prioritizes innovation, calculated risk-taking, and the identification of unmet market needs. While the introduction of new, improved, or disruptive products and services is a symbol of innovation, advancements in processes are equally critical. A study published in 2018 highlights that innovation in businesses is critical for growth at all levels, from individuals and institutions to entire countries (OECD/Eurostat, 2018). The study identifies four main ways businesses can achieve innovation: creating new products, improving processes, changing how they operate, and developing new marketing strategies.

Innovative entrepreneurship emerges as a crucial instrument for mitigating regional disparities and fostering balanced, sustainable development. Opportunities for all areas can be generated by appropriate policies and initiatives that encourage innovation and entrepreneurship, contributing to regional integration and a higher quality of life for all inhabitants. The research of Matricano (2020) on economic development through innovative entrepreneurship indicates that patents are a key factor for innovative startups in northern Italy to achieve socioeconomic development. By attracting experienced researchers, patents can foster job creation (social dimension) and potentially generate increased revenue streams (economic dimension).

Other notable papers have established a positive correlation between innovative entrepreneurship and economic growth (Carree and Thurik, 2003; Szabo and Herman, 2012). Additionally, research suggests it can significantly benefit regional development (Audretsch, Keilbach, and Lehmann, 2006). Innovation can promote inclusive economic growth, i.e. growth involving and benefiting all social groups. Rypestøl and Aarstad (2018) investigated the impact of a firm's location within a well-developed (thick) or less-developed (thin) regional innovation system (RIS) on the entrepreneur's drive to innovate and pursue growth ambitions. They underlined that a rich knowledge base, encompassing both analytical and creative aspects, coupled with a diversified or specialized industrial landscape, serves as a catalyst for entrepreneurial innovation.

Governments frequently address disparities in development across territories through mechanisms like the European Union's structural and cohesion funds and national regional development plans. These instruments aim to close the development gap between regions by investing in infrastructure, innovation, and essential services, fostering long-term economic growth. The European Union's Cohesion Policy exemplifies the significance of mitigating regional disparities in fostering economic and social convergence. European funds have been allocated to projects promoting innovative entrepreneurs in less developed regions, thus contributing to regional economic convergence (Rodríguez-Pose & Tselios, 2010).

2. Research methodology

Significant disparities in economic development exist across Romania's regions. This translates to uneven levels of unemployment, poverty, and overall progress. Innovative entrepreneurship can bridge regional economic divides. By fostering job creation, stimulating economic growth, and encouraging regional development, it has the potential to narrow these disparities.

This study will employ a mixed methods approach, integrating a review of relevant literature with observational data collected on the subject of investigation (Figure 1). Knowledgeable by a comprehensive review of relevant literature, this study proposes a series of policy recommendations and practical actions aimed at mitigating economic disparities between Romanian regions. The policy recommendations target specific stakeholders, such as *public authorities* [supporting local entrepreneurship, facilitating access to finance, monitoring progress, tax incentive programmes, infrastructure and access to technology, collaboration with the private sector], *educational institutions* [promoting entrepreneurial education and training, education and professional

reconversion, mentoring and consultancy], and *business environment* [promotion of regional specialisation, public-private collaboration, promotion of internationalisation].

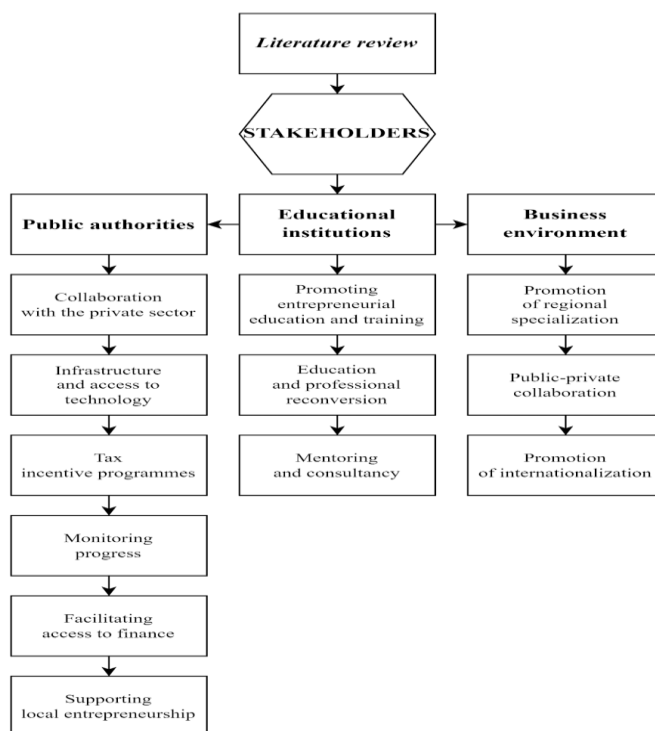


Figure 1. Research design
Source: Author's elaboration

3. Results and discussions

Bridging regional economic disparities through the cultivation of innovative entrepreneurship has emerged as a key policy objective for governments worldwide. To address economic, social, and developmental disparities, innovative approaches to government policy and intervention are crucial for fostering a diverse and successful entrepreneurial ecosystem. The implementation of these initiatives is instrumental in stimulating economic advancement and fostering a national environment conducive to innovation in less developed regions.

Innovative entrepreneurship is founded on innovative ideas and ways to generate products, services, and processes. Regions in Romania have had various degrees of success in encouraging this form of enterprise. Several critical criteria must be considered to promote its development at the regional level.

In Romania, achieving sustained economic growth with reduced regional disparities necessitates a collaborative effort between public authorities, educational institutions,

and the business sector. This synergy will support a growing ecosystem for innovative entrepreneurship.

Public Authorities

In Romania, fostering a robust innovative sector through targeted public interventions is instrumental in achieving sustainable long-term economic growth. Through specific policies and actions, the government and public institutions can play a critical role in fostering an environment conducive to innovative entrepreneurship.

- ***Supporting Local Entrepreneurship***

Creating a positive business climate for entrepreneurs is one option. This environment must enable access to financing, talented human resources, and suitable infrastructure. Government and local governments can help this development by offering tax incentives, subsidies, and assistance in the financing process, particularly for innovative start-ups.

Another critical component is the collaboration between universities, research institutes, and the commercial sector. Transferring knowledge and technology between different groups can drive the innovation process and help in the development of high-value products and services. The establishment of clusters and technology parks in places with high potential for innovation can foster collaboration between academic and economic organisations.

Local and regional authorities, in collaboration with educational institutions and the private sector, should prioritize fostering an entrepreneurial ecosystem that equips young individuals with the necessary skills and mentorship to become innovative contributors to regional economic development.

- ***Facilitating Access to Finance***

“Availability of financial resources exerts a significant influence on regional economic development. Limited access to capital can impede investment and hinder economic growth” (Beck et al., 2009).

To improve access to finance in less developed regions, policies and initiatives must be implemented to ensure a wide variety of sources of money, such as European funds, grants, loans, venture capital, and direct investment. These policies should be based on a detailed assessment of the specific needs of each location and should target both current firms and entrepreneurial initiatives.

Promoting public-private partnerships and investing in regional financial infrastructure can also aid in the facilitation of access to finance. Vanroose and D’Espallier (2009) emphasize “the importance of developing and empowering local and regional financial institutions (LFIs) attuned to the unique requirements of their respective geographic areas”.

The European Investment Bank, for example, undertakes programmes to finance projects in less developed regions to stimulate economic development. According to Teixeira and Fortunato (2010), “development banks, exemplified by the European Investment Bank, play a crucial role in enabling access to financing for regional infrastructure projects”.

To assess the efficacy of policies to improve access to finance, results must be regularly examined, analysed, and altered by regional needs and requirements. Transparency and accountability in the use of financial resources for regional development are critical.

- ***Monitoring Progress***

This systematic monitoring and evaluation process is based on extensive research in the field of regional economics and ensures the transparency, accountability, and effectiveness of regional policies. “Effective regional development policies necessitate continuous monitoring and evaluation to ensure success and optimize resource allocation towards areas of maximum impact”, as underscored by Barca (2009).

The primary objective of monitoring is to track the execution of policies and actions aimed at minimising regional economic disparities. This involves collecting and analysing relevant data to assess the extent to which policy objectives have been achieved. Nijkamp and Reggiani (2015) emphasize “the critical role of robust monitoring mechanisms in providing data-driven insights for the continuous adaptation and improvement of regional policy frameworks”.

Monitoring progress may function as a foundation for making informed decisions. Information collected can be used to provide information on area economic developments, quality of life, employment, and other pertinent concerns. This information can guide government decisions and enable authorities to adjust policies to respond to changes in economic developments. From this point of view, Anselin (2017) highlights “the importance of monitoring progress, arguing that it fosters the development of more effective policies and facilitates a more intelligent allocation of resources”.

The European Union, for example, continuously analyses success in cohesion and regional development programmes. Through specific indicators and regular reports, the European Union monitors the progress of its member regions and provides additional guidance and resources where necessary. The European Commission (2020) underlines “the importance of continuous monitoring frameworks within the European Union's regional development policies”.

To ensure the effectiveness of monitoring, it is essential to take into account the quality of the data collected and the indicators relevant to the specificities of each region. There must also be transparency and effective communication between all stakeholders, including local, regional and national authorities, business and civil society.

- ***Tax Incentive Programmes***

Informed by research in regional economics, these programs are designed to stimulate economic growth in less developed regions. They achieve this by implementing tax relief measures that reduce the overall tax burden for investors and businesses.

Tax refunds, reductions in taxes for investment in disadvantaged areas, tax deferrals, or tax subsidies for enterprises extending operations in economically disadvantaged areas are examples of such initiatives. Through these measures, the government can stimulate investment, support the growth of local businesses and help create jobs. The economist David Bartik (1991) highlights the potential for tax incentives to significantly impact a region's economic development by lowering business costs.

A noteworthy example is Ireland's regional development program, which has leveraged tax incentives to successfully attract foreign direct investment and foster growth in less developed areas. O'Toole (1995) argues that "Ireland's fiscal policies have demonstrably lessened economic disparities between regions and fostered development in peripheral areas".

Continuous monitoring and assessment, on the other hand, are required to ensure the effectiveness of these activities. As highlighted by Cuenca et al. (2018), "a rigorous evaluation framework for fiscal stimulus programs is essential to glean valuable insights into their effectiveness, enabling policymakers to calibrate interventions accordingly". It is imperative to strike a balance between promoting regional economic growth through tax incentives and safeguarding national fiscal stability.

- ***Infrastructure and Access to Technology***

A study by Munnell et al. (1996) hypothesizes that "robust infrastructure and widespread technological access are critical drivers of regional economic growth". This subsequent analysis will divide the critical elements within policies and measures designed to mitigate regional economic disparities. We will highlight their significance through the incorporation of pertinent examples and scholarly references.

Infrastructure is a critical component in achieving balanced regional economic development. Improved transport, communication, and logistics infrastructure can create significant opportunities for local businesses to expand their operations and access new markets. Drawing on the research of Duranton and Turner (2011), "quality infrastructure emerges as a critical driver of private investment and subsequent regional economic growth". Therefore, regional development policies should pay particular attention to infrastructure investments that facilitate connectivity and access to external markets.

Access to technology, especially information and communication technologies, is also essential for regional economic development. Dutz and O'Connell (2019) argue that "technological advancements can enhance regional business productivity and innovation, ultimately contributing to economic growth". Promoting high-speed Internet access and digitising administrative processes can increase the competitiveness of businesses in less developed regions. Technology education and training programmes can also develop the local workforce, helping to create a more dynamic business environment.

A case in point is Estonia, which has demonstrably achieved success through substantial investments in digital infrastructure and the development of sophisticated digital public services. The implementation of infrastructure and technology access policies and regulations requires close coordination between central and regional authorities. "Working together, the public and private sectors can expedite the execution of significant infrastructure projects and foster the formation of public-private partnerships (PPPs)", as evidenced by the model outlined in Straub (2008).

- ***Collaboration with the Private Sector***

In the context of policies and measures to reduce regional economic disparities, collaboration with the private sector is an essential element in regional economic development strategies and is supported by academic research and literature. According to Ketels and Porter (2018), “collaboration with the private sector is a key factor in promoting regional economic development, as the private sector can bring expertise, capital and resources to stimulate innovation and economic growth”.

An important aspect of this is the development of public-private partnerships, which can create synergy between government and private sector resources. These partnerships can help identify the specific needs of regions and develop appropriate solutions. A study by Löffler et al. (2013) posits that “public-private partnerships (PPPs) can function as a catalyst for the expedited implementation of regional development projects”. This collaborative approach additionally facilitates access to vital funding and expertise.

In collaboration with the private sector, programmes to stimulate investment and innovation can be developed. This may involve facilitating access to finance and offering grants or tax breaks for investment in less developed regions. In line with research by Huggins and Thompson (2017), fostering business incubators and technology parks can act as a catalyst for local business development and stimulate innovation.

A concrete example of successful collaboration with the private sector is Germany, which has developed active policies to involve the private sector in regional development projects. A study by Koschatzky and Stahlecker (2016) suggests that “Germany's strong collaborative model between government, industry, and research institutions has contributed to regional economic development and a reduction in disparities”.

To ensure successful collaboration with the private sector, transparency, accountability and open dialogue between all parties involved must be considered. The government should also pay attention to the needs and specificities of each region to develop relevant policies and measures.

Educational Institutions

Educational institutions play a key role in stimulating innovative entrepreneurship in Romania. These institutions can contribute to the development of future entrepreneurs and the promotion of entrepreneurial culture through various programmes and initiatives.

- ***Promoting Entrepreneurial Education and Training***

Drucker (1985) argued that “while entrepreneurship may not be solely acquired through formal education, educational programs can cultivate the essential skills and mindsets necessary to translate ideas into actionable ventures”.

As part of policies to reduce regional economic disparities, entrepreneurial education and training programmes need to be developed that are accessible in all regions of the country. This finding aligns with Audretsch's (2007) emphasis on the geographical context of entrepreneurship, suggesting that local entrepreneurial ecosystems play a significant role in driving regional economic development.

In this context, training programmes should include a wide range of topics such as developing planning skills, financial management, marketing, technology, and innovation. Training should also place special emphasis on developing entrepreneurial thinking, stimulating creativity, taking risks, and adapting to change.

“An integrated and effective approach should involve close collaboration between educational institutions, the public sector, and businesses”, as suggested by Mitchell and Shepherd (2010). This collaboration can facilitate the transfer of knowledge and experience from academia to entrepreneurial practice and vice versa. Partnerships between businesses and educational institutions should also be promoted to ensure the relevance of training programmes to market requirements.

To assess the effectiveness of entrepreneurship education policies and programmes, continuous monitoring and evaluation of results is required. According to Blanchflower and Oswald (1998), “entrepreneurship education can have a significant impact on regional economic development, but a rigorous research approach is needed to measure this impact”.

- ***Education and Professional Reconversion***

This is based on extensive research in education, training and regional development, which supports the importance of investment in human capital and the adaptability of the workforce to the new demands of the economy. As Heckman and Lafontaine (2010) state, “education and training are key investments in sustainable economic development”.

In policies to reduce regional economic disparities, education plays an important role. The development of quality education programmes that are accessible and relevant to the specific needs of each region can contribute to increasing the skills and capabilities of the local workforce. Retraining programmes, based on regional labour market needs, can offer workers the opportunity to acquire new skills and remain relevant in today's economy. As argued by Acemoglu and Autor (2011), “investments in human capital can enhance a region's adaptability to economic shifts and foster its capacity to attract investment and innovation”.

An important aspect in the development of education and training policies is collaboration between educational institutions, the private sector, and local and regional authorities. This partnership can help identify labour market needs and develop training and education programmes that meet these needs.

A successful example is Finland, which has implemented education and training policies geared to regional and sectoral needs, thus helping to reduce economic gaps between regions. A case study of Finland (Hannus & Simola, 2010) underscores “the positive correlation between investment in education and training, and regional economic development along with improved quality of life”.

Ongoing evaluation and monitoring of the effectiveness of education and re-training policies are essential to ensure that resources are used efficiently and that regional development objectives are achieved. Ensuring equitable access to education and training for all inhabitants of disadvantaged regions is also a priority, to avoid widening social gaps.

- ***Mentoring and Consultancy***

They are based on academic research and literature that highlights the need to develop entrepreneurial skills, knowledge transfer, and experience among experienced individuals and those who are just starting in business.

Mentoring requires the transfer of expertise and knowledge from more experienced to less experienced entrepreneurs. This technique can assist regional businesses, particularly those in their early stages, in avoiding frequent blunders and developing entrepreneurial skills. Clarysse et al. (2014) state that “mentoring can help increase the survival and success of small and medium-sized enterprises”.

Consulting, on the other hand, can provide experience in areas such as business development, finance, strategy, and marketing. Consultants can assist organisations in identifying and developing sustainable business plans. Birley and Westhead (1994) emphasise that “consulting services can be instrumental in identifying solutions to organizational challenges and formulating effective business strategies”.

Canada's Mentoring for Regional Development programme is a successful example of the application of mentoring and consulting in the context of bridging regional economic gaps. This programme provides mentoring and advisory support to small and medium-sized regional businesses, helping them to develop their growth potential and contribute to the economic development of less developed areas.

To ensure that these programmes are effective, it is critical to understand the specific needs of businesses in the region and connect mentors and consultants with these needs. Transparency and continuous review of results are also factors that help ensure the efficacy of projects aimed at eliminating regional economic disparities.

Business Environment

The development of the business environment can help to stimulate innovative entrepreneurship in Romania. In recent years, the government and private sector organisations have made efforts to create a more favourable environment for innovation and entrepreneurship.

- ***Promotion of Regional Specialisation***

This strategy focuses on the development of certain economic sectors in each region, taking into account competitive advantages and existing resources. As Martin and Sunley (2006) state, “regional specialisation can generate significant advantages for economic development and job creation”.

To encourage regional specialisation, it is crucial to identify sectors with high growth potential in each region, based on natural resources, local knowledge, and economic traditions. This will require a collaborative effort on the part of government officials, research institutes, and companies. Feser and Bergman (2000) posit that effective regional specialization hinges on a comprehensive grasp of a region's comparative advantages, fostering investment and innovation in key sectors.

A successful strategy may include the formation of regional clusters, which are groups of enterprises in the same area or sector that collaborate to share resources and knowledge. Research by Porter (1998) highlights the importance of geographically concentrated businesses and institutions (clusters) in fostering regional innovation and

economic growth. This emphasis stems from the potential for collaboration between businesses and educational institutions within these clusters.

It is critical to monitor changes in key sectors and examine the impact of these policies on growth and employment to assess the effectiveness of policies to promote regional specialisation. Dialogue and collaboration between different stakeholders, including local, regional and national authorities, are also key to the successful implementation of these policies.

Academic research and literature emphasise the need for public-private partnerships in policies and actions to eliminate regional economic disparities. This approach involves close partnerships between public authorities and the private sector to promote regional economic development. As Rodrik (2000) states, “public-private collaboration can help stimulate investment and innovation, generating economic growth and job creation”.

- ***Public-Private Collaboration***

In this context, public authorities can provide an enabling environment for business development, including facilitating administrative procedures, eliminating unnecessary red tape and offering tax incentives or subsidies for investment in less developed regions. Collaborative platforms can also be created to promote dialogue and knowledge sharing between public and private actors. As Porter (1990) argues, “public-private collaboration can create a favourable climate for business development and innovation”. The concept of “industrial clusters” is a successful example of public-private partnership in the context of closing regional economic gaps. These are groups of companies in the same sector or industry that cooperate to grow competitively. Clusters are given easier access to resources, funding and expertise, thus contributing to the economic development of the region. A 2013 study by Ketels highlights “the potential of industrial clusters to foster regional innovation and economic growth”. This aligns with Porter's (1998) concept of industry clusters, emphasizing the importance of collaboration among businesses and research institutions.

To ensure the success of public-private partnerships, an adequate legislative framework, openness, accountability, and open conversation among all parties involved are required. It must also consider the specificities of each region and develop tailor-made policies to respond to its needs and opportunities.

- ***Promotion of Internationalisation***

Regional economic progress can be achieved through internationalization efforts, which involve expanding the economic and commercial activities of less developed regions into global markets. According to Dunning (1993), “internationalisation can contribute to the economic growth and development of regions through the expansion of markets and access to international resources”.

Internationalisation is promoted through a variety of strategies, including assisting local exporters, providing access to international markets, and building international trade alliances. Local governments can offer financial assistance, expertise, and facilities to companies looking to expand into overseas markets. Platforms for networking and information exchange between regional and foreign enterprises can also be developed to encourage international collaboration. As Coviello and McAuley (1999) argue,

“internationalisation can help stimulate innovation and the development of business partnerships that favour less developed regions”.

Maximizing the effectiveness of internationalization efforts hinges on a two-pronged approach: bolstering export capacity and equipping businesses with market-specific knowledge. Additionally, recognizing the unique context of each target market is paramount to developing customized strategies that capitalize on local demands and growth prospects.

Conclusions

Innovative entrepreneurship is a key aspect of the business environment in both the European Union and Romania. The implementation of appropriate support mechanisms can foster economic growth, technological advancement, and job creation, ultimately contributing to regional and national economic prosperity. Despite acknowledged challenges, Romania owns a substantial reservoir of entrepreneurial potential. This resource can be harnessed as a catalyst for sustained economic development.

Supporting local entrepreneurship in Romania, in the context of innovative entrepreneurship, is a key opportunity for economic development and diversification at the regional level. This support must be based on facilitating access to resources, collaboration between different sectors, and promoting entrepreneurial education. Through such measures, Romania can harness its innovation potential and contribute significantly to regional and national economic growth.

Developing infrastructure and promoting access to technology are key issues in policies to reduce regional economic disparities in Romania. The literature highlights the importance of these factors in stimulating regional economic growth and provides examples of countries that have been successful in this area. Coordination between central and regional authorities, as well as collaboration with the private sector, is essential for the successful implementation of these policies.

Improving access to financial resources is a critical element in policies aimed at reducing regional economic disparities in Romania. This approach aligns with academic research emphasizing the link between financial accessibility and regional economic development. Additionally, incorporating best practices and ongoing monitoring and evaluation is crucial to ensure these policies effectively support business growth and regional economic development.

Collaboration with the private sector is a key factor in policies to reduce regional economic disparities in Romania. This is based on academic research that highlights the importance of the participation of the private sector in regional economic development and provides examples of good practices from other countries. Transparency, accountability, and open dialogue are essential to ensure the success of these policies and to stimulate innovation and economic growth in less developed regions.

Furthermore, promoting internationalization serves as a crucial instrument in policies aimed at mitigating regional economic disparities. Drawing upon research in international economics and trade, it can stimulate regional economic growth by fostering expanded economic and trade activities within international markets. The success of such policies hinges on supporting export capacity building, facilitating information access, and implementing tailored customs strategies.

In fostering innovation-driven economic development, regional policies in Romania should prioritize fostering collaboration and business networks within developed regions with high concentrations of innovative entrepreneurs. By facilitating such linkages, these policies can ensure a more equitable distribution of the benefits associated with such ecosystems. Insights gleaned from academic research and relevant literature can provide valuable guidance in navigating this challenge.

This paper focused on developing policy recommendations with a national economic scope. However, future research could significantly contribute to the field by analysing innovative entrepreneurship across Romania's development regions. This regional approach would provide a nuanced understanding of the innovation landscape within each county. A further limitation of this research lies in the lack of sectoral focus on firm-level innovation. While the paper advocates for innovative entrepreneurship, it does not prioritize specific areas critical to the national economy. A promising avenue for future research would be the analysis of innovation within a particular field, such as technology or social impact.

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