

Analysis of the Entrepreneurial Environment in Hunedoara County

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Abstract

This paper aims to contribute to the development of the entrepreneurial environment in Hunedoara County, presenting an updated overview related to this area of the economic field during the last ten years available on the data source: 2013-2022 for sub-chapter 4.1 and 2012-2021 for sub-chapter 4.2. First of all, in 2022 in Hunedoara County were registered and active a number of 19,111 private individuals and 9,026 legal entities. The total number of active companies increase of 36% from 2013 to 2012 and the total number of private individuals and legal entities new registered during every year analyzed registered a decrease of 1.2% from 2013 to 2022.

Keywords: *entrepreneurial environment, Hunedoara County, private individuals, legal entities, NACE codes*

JEL classification: O11, L26

DOI: 10.24818/RMCI.2023.4.587

1. Introduction

Considering the last events that affected the global economy and business environment (economic crisis, the COVID-19 pandemic, armed conflicts between countries) it is important to monitor indicators related to evolution of entrepreneurship in Hunedoara County. (Doaca and Siriteanu, 2023)

Entrepreneurial environment it is a factor that influences quantity and quality of entrepreneurial activity in an economy. In order to create favorable conditions where individuals and groups of individuals to be able to carry on their entrepreneurial efforts, policy makers need to know the absolute as well as comparative strengths and weaknesses. (Holienska, 2023)

The Western Development Region is located in the western part of Romania, on the border with Hungary and Serbia, being made up of four counties (from the

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administrative and territorial point of view): Arad, Caras-Severin, Hunedoara and Timiș. Starting from a set of favorable circumstances and building on an impressive industrial tradition, the region registered a steady growth, higher to the Romanian average and has managed to attract a large volume of foreign investments, oriented to various sectors. (Muntean, et al., 2023)

2. Methodology

Following the purpose of this research: to analyze the entrepreneurial environment in Hunedoara County, a lot of indicators from the National Trade Register Office and National Institute of Statistics (NIS) was presented in this research papers, after a large documentation about the subject.

In this research were used a series of indicators (secondary data) like: the total number of legal and private individuals registered and active; the number of incorporations of private individuals and legal entities among each year; the density of active private individuals, legal entities and total number of companies; annual entrepreneurial development rate and the configuration of entrepreneurship on its activities of the national economy in Hunedoara County. The indicators related to the evolution of entrepreneurial environment in Hunedoara County were analyzed in trend referring to the 2013-2022 period, last 10 years of reference.

3. Findings

3.1 The evolution of entrepreneurship

3.1.1 The total number of active private individuals and legal entities registered and active between January 1, 2013 - January 1, 2022

From the legal point of view, companies registered in the Trade Register that have not declared the suspension of their activity and are not in any of the states that can lead to the loss of legal personality are considered active. From the total number of companies registered in the Trade Register, companies with temporary suspension of activity, branches without legal personality, deregistered companies, companies in dissolution, liquidation, judicial reorganization, bankruptcy, insolvent, etc. were excluded. (National Trade Register Office, 2023)

The PFA category included family enterprises (IF), individual enterprises (II) and authorized private individuals (PFA). These categories of traders do not have legal personality but are subject to registration in the Trade Register. (National Trade Register Office, 2023)

Legal entities are represented by commercial companies (collective company, simple limited company, joint-stock company, limited liability company (SRL) and autonomous administrations. (National Trade Register Office, 2023)

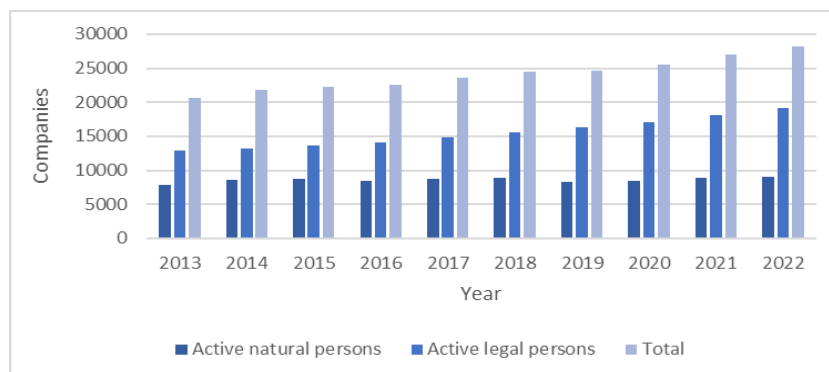
Table 1. Total number of legal and private individuals registered and active in the period 2013-2022

Year	Active legal entities	the difference vs. previous year	Active private individuals	the difference vs. previous year	Total	the difference vs. previous year
2013	12,847		7,804		20,651	
2014	13,214	+367	8,575	+771	21,789	+1,138
2015	13,627	+413	8,704	+129	22,331	+542
2016	14,083	+456	8,497	-207	22,580	+249
2017	14,820	+737	8,768	+271	23,588	+1,008
2018	15,606	+786	8,820	+52	24,426	+838
2019	16,336	+730	8,327	-493	24,663	+237
2020	17,048	+712	8,448	+121	25,496	+833
2021	18,143	+1,095	8,826	+378	26,969	+1,473
2022	19,111	+968	9,026	+200	28,137	+1,168

Source: Own calculation on the basis of data from National Trade Register Office 2013-2022

The total number of private individuals and legal entities active at the beginning of every year analyzed registered an increase from 20,651 companies in 2013 to 28,137 in 2022 (an increase of 36%). The number of private individuals increased with 16% from 2013 to 2022, while the number of legal entities increased with 48.8% among the same period.

The biggest increases can be observed from 2020 to 2021 among every group of companies when almost 1,5 thousand of companies were registered and active in 2021 vs. 2020, 1,095 of these being legal entities and 378 being private individuals.



Graphic 1. Number of natural and legal persons registered and active between January 1, 2013 - January 1, 2022

In Hunedoara County the number of active legal entities is bigger than the number of active private individuals, irrespective of the year. In 2022 the County registered with 47% more active legal entities than active private individuals.

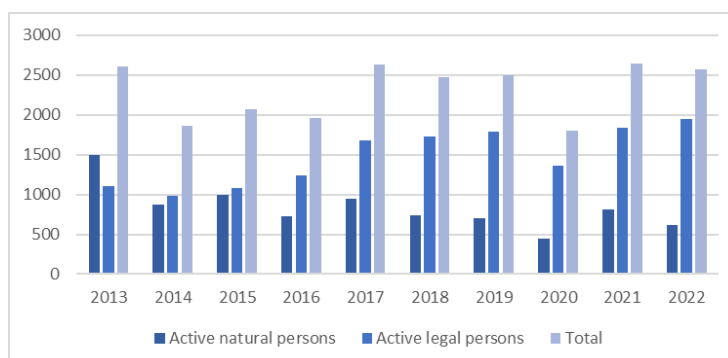
3.1.2 Dynamics of the number of new registered companies in the period 2013-2022

Table 2. Total number of incorporations of private individuals and legal entities among each year in the period 2013-2022

Year	Active private individuals	the difference vs. previous year	Active legal entities	the difference vs. previous year	Total	the difference vs. previous year
2013	1,491		1,111		2,602	
2014	878	-613	981	-130	1,859	-743
2015	991	113	1,082	101	2,073	214
2016	724	-267	1,235	153	1,959	-114
2017	948	224	1,682	447	2,630	671
2018	739	-209	1,732	50	2,471	-159
2019	705	-34	1,790	58	2,495	24
2020	449	-256	1,357	-433	1,806	-689
2021	809	360	1,841	484	2,650	844
2022	621	-188	1,949	108	2,570	-80

Source: Own calculation on the basis of data from National Trade Register Office 2013-2022

The total number of private individuals and legal entities new registered during every year analyzed registered a decrease from 2,602 companies incorporated in 2013 to 2,570 incorporated in 2022 (a decrease of 1.2%). The number of private individuals incorporated in 2013 decreased with 58% compared with the new registered companies in 2022, while the number of new registered legal entities increased with 75% among the same years of reference.



Graphic 2. Number of incorporations of natural and legal persons during every year in the period 2013-2022

Source: National Trade Register Office, own processing

At the level of Hunedoara County, the number of active private individuals new registered in 2013 it was bigger with 25% than the number of active legal entities new registered in the same year. In 2022 the County registered with twice as many new active legal entities than new active private individuals.

From the legal point of view, companies registered in the Trade Register that have not declared the suspension of their activity and are not in any of the states that can lead to the loss of legal personality are considered active. From the total number of companies registered in the Trade Register, companies with temporary suspension of activity, branches without legal personality, deregistered companies, companies in dissolution, liquidation, judicial reorganization, bankruptcy, insolvent, etc. were excluded. (National Trade Register Office, 2023)

3.1.3 Territorial density of SMEs in Hunedoara County

In 2022, a percent of 32,08% of the total number of companies from Hunedoara County it was represented by small and medium-sized enterprises (active private individuals). This sector begun to receive importance in the recent years and it is characterized by flexibility but can be easy affected by the events from the economy. (Doaca and Siriteanu, 2023)

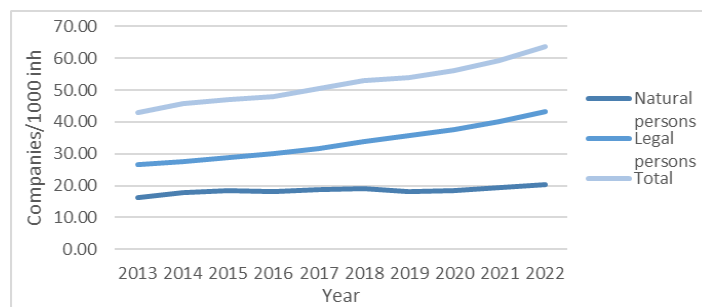
Density of active private individuals, legal entities and total number of companies

The density was calculated by dividing the indicator total number of registered companies by the total number of inhabitants per County.

Table 3. Density of active private individuals, legal entities and total number of companies in the period 2013-2022

Year	The number of inhabitants per County	Active private individuals	Active legal entities	Total number of companies	The density		
					Private individuals/ 1,000 inhabitants	Legal entities/ 1000 inhabitants	Companies/ 1000 inhabitants
2013	481,915	7,804	12,847	20,651	16.19	26.66	42.85
2014	477,675	8,575	13,214	21,789	17.95	27.66	45.61
2015	474,178	8,704	13,627	22,331	18.36	28.74	47.09
2016	470,451	8,497	14,083	22,580	18.06	29.94	48.00
2017	466,215	8,768	14,820	23,588	18.81	31.79	50.59
2018	462,311	8,820	15,606	24,426	19.08	33.76	52.83
2019	458,214	8,327	16,336	24,663	18.17	35.65	53.82
2020	453,966	8,448	17,048	25,496	18.61	37.55	56.16
2021	453,966	8,826	18,143	26,969	19.44	39.97	59.41
2022	441,458	9,026	19,111	28,137	20.45	43.29	63.74

Source: Own calculation on the basis of data from National Trade Register Office and Tempo online data base 2017-2021, NIS



Graphic 3. Density of active private individuals, legal entities and total number of companies in the period 2013-2022

Source: National Trade Register Office and Tempo online data base, own processing

The density of registered and active private individuals presents an increase in the last years analyzed, started from 16 active companies/1,000 inhabitants in 2013 to 20 companies/1,000 inhabitants. The increase it is due to the number of new registered legal and private individuals in 2022.

The density of registered and active legal entities presents an ascendent trend from 26 companies/1,000 inhabitants in 2013 to 43 companies/1,000 inhabitants in 2022.

At the total level, the density presents a rising trend, in 2022 registered with 49% more companies per 1,000 inhabitants than in 2013.

3.1.4 Annual entrepreneurial development rate in the period 2018-2022 in Hunedoara County

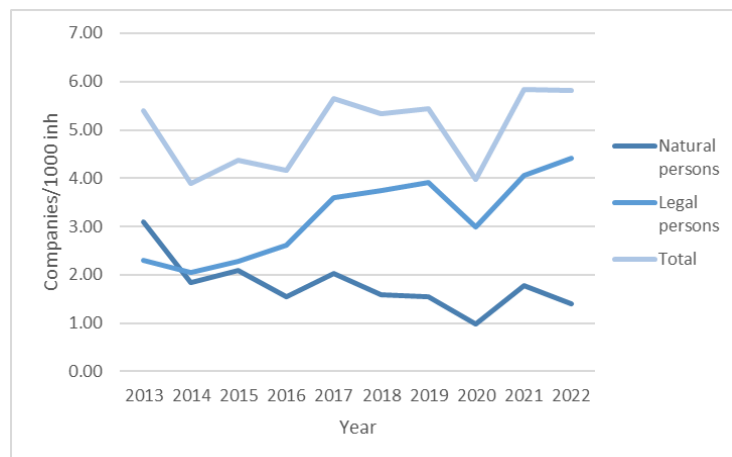
The entrepreneurial development rate in Hunedoara County was analyzed considering the density of new registered private individuals and legal entities per 1,000 inhabitants among the period 2013-2022. The density of new registered companies was calculated by dividing the indicator total number of new registered companies among every year by the total number of inhabitants per County.

Table 4. Density of active private individuals and legal entities in the period 2013-2022

Year	The number of inhabitants per County	Active private individuals	Active legal entities	Total number of companies	The density		
					Private individuals/ 1,000 inhabitants	Legal entities/ 1000 inhabitants	Companies/ 1000 inhabitants
2013	481,915	1491	1111	2602	3.09	2.31	5.40
2014	477,675	878	981	1859	1.84	2.05	3.89
2015	474,178	991	1082	2073	2.09	2.28	4.37
2016	470,451	724	1235	1959	1.54	2.63	4.16
2017	466,215	948	1682	2630	2.03	3.61	5.64
2018	462,311	739	1732	2471	1.60	3.75	5.34
2019	458,214	705	1790	2495	1.54	3.91	5.45

Year	The number of inhabitants per County	Active private individuals	Active legal entities	Total number of companies	The density		
					Private individuals/ 1,000 inhabitants	Legal entities/ 1000 inhabitants	Companies/ 1000 inhabitants
2020	453,966	449	1357	1806	0.99	2.99	3.98
2021	453,966	809	1841	2650	1.78	4.06	5.84
2022	441,458	621	1949	2570	1.41	4.41	5.82

Source: Own calculation on the basis of data from National Trade Register Office and Tempo online data base 2017-2021, NIS



Graphic 4. Density of new registered active private individuals, legal entities and total number of companies in the period 2013-2022

Source: National Trade Register Office and Tempo online data base, own processing

The entrepreneurial development rate of Hunedoara County is on the rise, even if there it is a gap in 2020, when the density of new registered persons it was the lowest of the entire analyzed period among each group of companies analyzed.

The density of new registered and active private individuals presents a decrease in the last year analyzed, started from 3 new companies/1,000 inhabitants in 2013 to 1 company/1,000 inhabitants in 2022.

The density of new registered legal entities presents an ascendent trend from 2 companies/1,000 inhabitants in 2013 to 4 new registered companies/1,000 inhabitants in 2022.

3.2 The configuration of entrepreneurship on its activities of the national economy in Hunedoara County

3.2.1 The total number of active local units

In this sub-chapter were included the distribution of companies by all sections of Classification of Activities in the National Economy (NACE):

Agriculture, hunting and fishing, Mining and quarrying, Manufacturing, Production and distribution of electric and thermal energy, gas and warm water and conditioning air, Water distribution; salubrity, managing of waste, decontaminate activities, Construction, Trade, Transport and storage, Hotels and restaurants, Informations and communications, Financial intermediation and assurance, Real estate transaction, Professional, scientific and technical activities, Activities of administrative and support services, Education, Health and social work, Cultural and recreative entertainment activities, Other service activities available on Tempo online data base. (NIS, 2023)

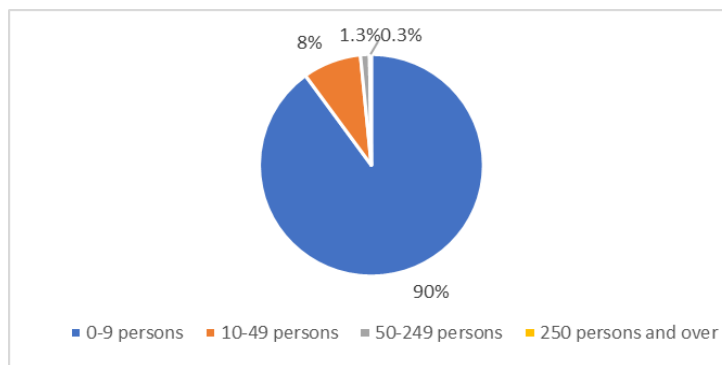
The total number of active local units services and the distribution by size classes in the period 2012-2021

Table 5. Total number of active enterprises in Hunedoara County

Year	0-9 persons	10-49 persons	50-249 persons	250 persons and over	Total
2012	7,470	1,019	201	42	8,732
2013	7,562	1,021	195	35	8,813
2014	7,832	1,034	177	34	9,077
2015	7,800	986	183	32	9,001
2016	7,842	939	184	33	8,998
2017	8,114	934	179	32	9,259
2018	8,412	904	179	30	9,525
2019	8,722	911	165	30	9,828
2020	9,262	926	146	25	10,359
2021	9,640	905	141	27	10,713

Source: Own calculation on the basis of data from National Trade Register Office and Tempo online data base 2017-2021, NIS

In the analyzed period, the number of companies with 0-9 employees increased with 2,170 companies (29%) while the number of companies with 10-49 employees, 5—249 employees and over 250 employees decreased with 114 (12%), 60 (30%) respectively 15(36%) companies.



Graphic 5. Distribution of active enterprises by number of employees in 2021

Considering the dimension of companies, Hunedoara County owns a percent of 99,75% SMEs with 0-249 employees and only 0,25% big companies with over 250 employees in 2021.

Active local units, by activities of national economy at level of NACE Rev.2

Among this sub-chapter, all of the active local units were analyzed considering their distribution on every section of NACE.

Table 6. Active local units by activities of national economy at level of NACE Rev2.

NACE CODE/Year	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2021/2012
A Agriculture, hunting and fishing	282	299	316	306	295	302	303	298	302	309	110%
B Mining and quarrying	47	40	39	45	38	33	36	33	38	36	77%
C Manufacturing	940	948	960	954	931	961	996	1008	1076	1052	112%
D Production and distribution of electric and thermal energy, gas and warm water and conditioning air	27	23	26	25	26	27	17	15	13	15	56%
E Water distribution; salubrity, managing of waste, decontaminate activities	102	102	102	93	90	88	86	79	80	77	75%
F Construction	769	790	843	826	805	793	828	913	1026	1122	146%
G Trade	3340	3308	3338	3246	3156	3219	3224	3223	3340	3306	99%
H Transport and storage	628	667	732	730	766	828	863	899	943	1032	164%
I Hotels and restaurants	618	624	635	665	661	655	672	682	716	788	128%
J Informations and communications	192	207	217	216	207	227	241	248	254	266	139%
K Financial intermediation and assurance	159	157	159	169	179	172	175	167	171	180	113%
L Real estate transaction	170	179	186	186	197	202	200	211	226	266	156%
M Professional, scientific and technical	737	727	745	757	802	812	847	901	938	973	132%

NACE CODE/Year	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2021/2012
activities											
N Activities of administrative and support services	260	270	292	283	296	297	323	369	387	396	152%
P Education	38	42	47	52	53	71	75	84	89	99	261%
Q Health and social work	164	174	166	170	180	210	226	236	274	287	175%
R Cultural and recreative entertainment activities	88	86	90	95	112	136	158	182	171	185	210%
S Other service activities	171	170	184	183	204	226	255	280	315	324	189%
TOTAL	8732	8813	9077	9001	8998	9259	9525	9828	10359	10713	123%

Source: Own calculation on the basis of data from Tempo online data base 2017-2021, NIS

Analyzing the dynamic of active local units from 2012 to 2021, can be noticed the main increases:

- ☑ Education section increased its total number of local units with 161% (from 38 active local units in 2012 to 99 in 2021);
- ☑ Cultural and recreative entertainment activities registered a 110% increase in the number of companies among 2012-2021 period (88 vs. 185 companies).

The biggest decrease it was registered in case of “Production and distribution of electric and thermal energy, gas and warm water and conditioning air” (-44% from 2012 to 2021).

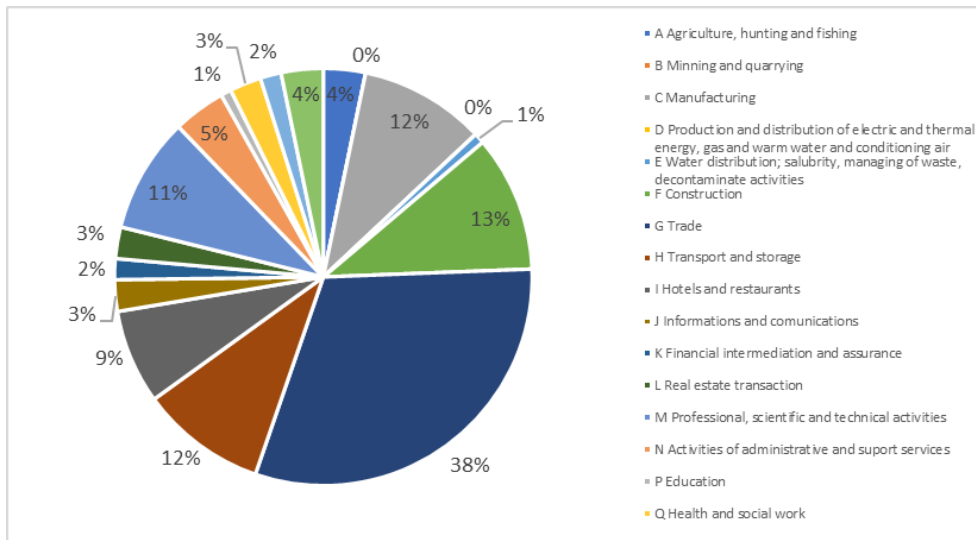
The distribution of active local units, by activities of national economy at level of NACE Rev.2 from the total number of active local units

Table 7. The distribution of active local units by activities of national economy at level of NACE Rev.2. from the total number of active local units

NACE CODE/Year	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
A Agriculture, hunting and fishing	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%
B Mining and quarrying	1%	0%	0%	0%	0%	0%	0%	0%	0%	0%
C	11%	11%	11%	11%	10%	10%	10%	10%	10%	10%

NACE CODE/Year	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Manufacturing										
D Prod. and distrib. of electric and thermal energy, gas and warm water and conditioning air	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
E Water distribution; salubrity, managing of waste, decontaminate activities	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%
F Construction	9%	9%	9%	9%	9%	9%	9%	9%	10%	10%
G Trade	38%	38%	37%	36%	35%	35%	34%	33%	32%	31%
H Transport and storage	7%	8%	8%	8%	9%	9%	9%	9%	9%	10%
I Hotels and restaurants	7%	7%	7%	7%	7%	7%	7%	7%	7%	7%
J Informations and communications	2%	2%	2%	2%	2%	2%	3%	3%	2%	2%
K Financial intermediation and assurance	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%
L Real estate transaction	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%
M Professional, scientific and technical activities	8%	8%	8%	8%	9%	9%	9%	9%	9%	9%
N Activities of administrative and support services	3%	3%	3%	3%	3%	3%	3%	4%	4%	4%
P Education	0%	0%	1%	1%	1%	1%	1%	1%	1%	1%
Q Health and social work	2%	2%	2%	2%	2%	2%	2%	2%	3%	3%
R Cultural and recreative entertainment activities	1%	1%	1%	1%	1%	1%	2%	2%	2%	2%
S Other service activities	2%	2%	2%	2%	2%	2%	3%	3%	3%	3%

Source: Own calculation on the basis of data from Tempo online data base 2017-2021, NIS



Graphic 6. Distribution of active enterprises by NACE codes in 2021

Source: Tempo online data base, own processing

Analyzing the distribution of active local units per each section of NACE code in the total number of active local units from 2012 to 2021, can be noticed the main percentage contributions:

- In 2021, “Trade” owned 31% from the total number of active local units in Hunedoara County;
- In 2021, “Transport and storage” owned 10% from the total number of active local units in Hunedoara County;
- In 2021 “Construction” owned 10% from the total number of active local units in Hunedoara County.

Conclusions

At the county level, the entrepreneurial environment can be defined by the following insights resulted from this paper:

- In 2022 there were with 47% more active legal entities than active private individuals (19,111 vs. 9,025).
- In 2022 the distribution of total number of companies it was represented by 68% active legal entities and 32% active private individuals.
- The number of private individuals incorporated in 2013 decreased with 58% vs. 2022, while the number of new registered legal entities increased with 75% in 2013 vs. 2022.
- The density of registered and active private individuals started from 16 active companies/1,000 inhabitants in 2013 to 20 companies/1,000

inhabitants in 2022, while the density of registered and active legal entities presents an ascendent trend from 26 companies/1,000 inhabitants in 2013 to 43 companies/1,000 inhabitants in 2022.

- Hunedoara County owns a percent of 99,75% SMEs
- The NACE section “Education” increased its total number of local units with 161% while “Cultural and recreative entertainment activities” registered a 110% increase in the number of companies among 2012-2021 period.
- In 2021, “Trade” owned 31% from the total number of active local units in Hunedoara County.

In conclusion, after the pandemic period, the entrepreneurial environment from Hunedoara County is in full growth, being represented especially by its increase on new registered companied year by year, its big number of SME’S and its big percent of companies registered on “Trade” section of NACE code.

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