

## THE IMPACT OF CURRENT CRISES ON THE BUSINESS ENVIRONMENT. CHALLENGES AND OPPORTUNITIES FOR ENTREPRENEURS

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**Abstract:**

*In many cases, entrepreneurs have the power and ability to identify problems and find solutions to solve them. Also, entrepreneurs "are obliged" by definition to be able to identify opportunities, at local, national and even international level. In recent years, the business environment has been influenced by many changes. In particular, the 2019-2022 period was unique from many points of view for entrepreneurs. The last 3 years have been marked by several crises: sanitary, political, informational, energetic, military...etc. All these crisis situations had a major impact on the economy, globally, but also nationally or locally. The business people were forced to adapt instantly to the new conditions and to the new social and economic reality. Some succeeded and others unfortunately gave up. The main purpose of this research work is to highlight the solutions and opportunities of entrepreneurs, in this difficult period. To obtain the results, I interviewed entrepreneurs from different fields and locations, some who had businesses before 2020 and others who opened a new business after 2020. We can also mention: the analysis of documents, official surveys and published studies. From this perspective, the entrepreneurs who adapted can be divided into two categories: the first category is represented by the entrepreneurs who resisted the problems and kept the business "alive". The second category is represented by entrepreneurs who resisted but also managed to find solutions for business development. In addition, a third category can be mentioned: that of new entrepreneurs, who have identified opportunities, especially in this period full of uncertainty, fear and unpredictability.*

**Keywords:** *New Businesses, Multiple Crises, Economic Effects, Opportunities*

**JEL classification:** *M10*

### 1. Introduction

The last three years represented the end of some businesses and the beginning of others. And for the businesses that resisted and reinvented themselves, this period was marked by various challenges, but also by unprecedented opportunities. For example, in Romania, only in the period January - September 2022, the number of companies that suspended their activity was 10,910, increasing by 20% compared to the same period of the previous year, according to the data published by the National Trade Registry Office from Romania (ONRC, 2022). By field of activity, the largest number of suspensions was in trade, repair of motor vehicles and motorcycles, other service activities and in professional, scientific and technical activities. (Forbes, 2022).

Specialists in the field of entrepreneurship describe self-motivation as a very important factor for making a decision about opening a business. Self-motivation can be triggered by the following: freedom, unemployment, reaching the ceiling of development, the idea rejected by the company where you were employed, imitating a success story, not making money for others, an exceptional idea...etc.(Patrascanu, Cretu, Daniliuc, Manolescu, Marcu, Maxim, Roman, Stoian, Vrinceanu, 2012). All these can open the way to entrepreneurship, to a successful business, to involvement, to new ideas and to finding and realizing opportunities.

Globally, we have experienced many changes in our personal and professional lives, regardless of location, age or profession. All these changes had a serious impact on business, on current and future entrepreneurs.

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## 2. Entrepreneurship in the new global context.

At the level of entrepreneurs, there were and still are a series of uncertainties, exemplifying human resources, the health situation, the work schedule, the transformation of expectations from clients and employees, the new business directions...etc.

Young people from Generation Z (born after 1989) feel the lack of motivation, fatigue and anxiety the most. Teenagers allocate a maximum of three hours a day to study and at least two hours to social networks. They want to become entrepreneurs, but have no idea where to get money for it. They want financial independence but can't find the motivation to achieve their goal. This is what some of the conclusions of a recent study by the Romanian Business Leaders organization show. (Orosz, Pana, 2022)

In Romania, 54% of young people want to start a business according to the Insights PulseZ 2022 study, of which 36% are looking at this option with a long-term horizon of over a year. Intrapreneurship is an opportunity for these young people who think and act like entrepreneurs and want to be involved in the entrepreneurial decisions and operations of the firm. (Sava, RBL, 2022)

However, those who want to take the step towards entrepreneurship, but are afraid of the financial side, have several business solutions for which the initial investment is not very high: Blogging, Programmer, Freelancer, Entertainer / Children's Animator, Amazon Seller, Social Media Consultant, Podcasting, Virtual assistant, Meditations, Translator, Airbnb services, Interior designer, freelance journalist

We can also exemplify some business ideas with European funds: Patisserie / Confectionery, Photo-Video Studio, Dental Cabinet, Pension, Fitness Center, Kindergarten, Car Service, Medical Cabinet, Print Shop, IT Company, and others. (Neotrust, 2020)

On the other hand, the existing entrepreneurs highlight a big problem and challenge at the same time: the lack of human resources. The labor force in Romania represents a growing problem, especially in terms of qualified personnel, which is why entrepreneurs are increasingly turning to employees from other countries such as Nepal, Sri Lanka or Bangladesh. This need differs from industry to industry, and at the moment there is a limitation from this point of view to a few hundred thousand people. (Dinulescu, 2022).

In January 2022, the Romanian Government approved a decision by which the number of foreign workers it will be able to hire this year is 100,000. (Government of Romania, 2022)

Almost three-quarters (73%) of companies are concerned about how the shortage of labor and skills will influence their business strategy in the next 12 months, a slightly higher share than those concerned about the evolution of the pandemic, for example the emergence of new variants of COVID-19 (70%), according to the latest CEO Survey conducted by Deloitte and Fortune magazine. (Juncu, 2022).

Entrepreneurship confirms that it generates a positive impact at the global level, including in Romania. An example can be found in Sibiu (European Capital of Culture in 2007), where micro-enterprises support most of the Sibiu economy, with over 85% of employees. Small businesses, which have no more than 9 employees, support most of the Siberian economy. From the total number of companies with employees registered in Sibiu County, 85.6% are micro-enterprises, according to the data provided by the Territorial Labor Inspectorate.

According to the data from the general register of employees, of the total number of 13880 active employers registered in Sibiu county on 30.06.2022, 85.86% are represented by micro-enterprises, 11.23% by small companies, 2.41% by medium-sized companies and 0.48% large companies", the chief inspector of ITM Sibiu mentions in the report. Sibiu still has only 68 large companies with more than 250 employees, according to the data sent by ITM. (ITM, Fota, 2022)

## 3. Changes, challenges and opportunities.

In such a difficult context, entrepreneurs, employees, clients, suppliers, but also individuals are trying to find the most effective solutions to adapt and generate a positive impact, both in the economy and in society.

The changes that we can mention are various: the mobility of human resources and the availability of employees, the automation and complete digitization of some businesses, the development of some private companies and some public institutions, and many others.

One of the biggest challenges can be human resource management. The reasons why employees quit a job are varied. Some of them are directly related to the employer or colleagues, others are just about personal choices, such as moving for love or to spend more time with family.

These latter choices are harder to influence by employers. We have listed ten main reasons why good employees choose to leave a company: lack of appreciation, different values, overload, boredom, lack of listening, better opportunities, personal changes, relationship with colleagues, lack of meaning, lack of independence. (Faier, 2022)

In relation to the work schedule, there have been a series of changes from this point of view as well. Some managers ask employees to work less for the same salary. It wasn't hard for Samantha Losey, managing director of Unity, a public relations firm in London, to convince her team to work fewer hours for the same pay. "Everyone was very traditionalist," Losey told CNN Business.

The main concern was that a 20% reduction in working hours would lead to a drop in production and cause customers to leave. Unity is one of 70 UK companies taking part in the trial. For six months, more than 3,300 employees work only 80% of regular hours, for the same pay, in exchange for a promise to deliver 100% of regular work. The program is run by several NGOs in collaboration with researchers from Cambridge University, Oxford University and Boston College. (Cooban, Bonea, 2022)

If for many companies, the biggest problem is the one related to human resources, there are companies that have completely given up on human resources.

As an example, the Bobnet Group presented at the Bucharest Food Expo the solution of the restaurant solution without employees, fully automated. "Since we strongly believe that the future belongs to the Internet of Things world, where software applications are complemented by hardware applications, we developed this new solution to help HoReCa operators with the reduction of both logistics and labor costs, affecting seriously the profit of companies that do business with food products", said Mihail Girnet, CEO of Bobnet.

Also in this perspective, we can also mention a world premiere: Humanoid robot with artificial intelligence was appointed CEO of a Chinese company. Chinese metaverse company NetDragon Websoft has named "Ms Tang Yu," a virtual humanoid robot with artificial intelligence, as chief executive officer. As CEO, Tang Yu will head the company's "organization and efficiency department." (Manila, 2022)

On the other hand, at the global level, there are also decisions to block employment or even restructuring in some cases, both in the public and private sectors. Several technology companies have been forced to cut staff in recent months as promoters cut spending to prepare for an expected recession.

Meta Platforms, the parent company of Facebook, will freeze hiring and continue restructuring amid an uncertain macroeconomic situation, Bloomberg News reported Thursday, citing a communication from CEO Mark Zuckerberg with employees. The social media company cut plans to hire engineers by at least 30 percent in 2022, Reuters reported in June. (Dumitrescu, 2022)

Also in the "changes" category, a topic very much discussed in several countries, a legislative proposal recently registered in the Romanian Senate aims to introduce the four-day work week. The four-day work week not only "sounds" better, but seems to align with the trend of optimally combining personal and professional life. (Nastase, 2022).

In all this difficult context, there are many opportunities, even in the public sector. We can mention the accelerated development of some localities / counties in Romania. An example can be Oradea / Bihor, which attracted investments of over 800 million euros in 2022 alone. (Alec, 2022)

#### 4. Case Study

In this research I will interpret the answers of the entrepreneurs interviewed, regarding the solutions and opportunities for entrepreneurs, in this difficult period and the impact on the economy and community.

The qualitative research method used is the interview and the hypotheses underlying this study are the following:

- In general, entrepreneurs have found the optimal solutions for adapting to the new global context.
- In the last 3 years, many local businesses have transformed (activity, human resources, headquarters...etc).

The topic of the interview is: The impact of current crises on the business environment. I conducted interviews with several entrepreneurs, specialists in their field, who developed businesses in Romania and several other European countries.

The number of interviewees was 23. On average, the interviews lasted approximately 15-20 minutes and took place between September 15, 2022 and October 20, 2022. After receiving all the answers in the interviews, I will try to find the answers to the following two research questions:

- What were the biggest problems in your business in the last 3 years?
- What opportunities have you noticed in your field in the last 3 years?

The structured interview consists of six questions, that will be addressed to all interviewees. I will present each question with the corresponding answers.

4.1. What are the crisis situations you went through (as an entrepreneur) and what problems did you encounter in the last 3 years?

Most of the entrepreneurs answered that the main crisis situations they have gone through in the last three years are the following: the health crisis, the crisis generated by the war and the energy crisis. These global crises had and still have effects on large, medium and small companies, regardless of their location.

4.2. Which of these issues have impacted your business the most?

All the people interviewed consider that the suspension/limitation of the activity represented the biggest problem for their businesses. Especially since, in 2020, the uncertainty was almost 100%, almost nothing could be estimated.

Also, the majority of entrepreneurs consider that the problem of human resources is a very serious one. However, from this point of view, the market will forcefully adapt to the new needs of employees and employers.

4.3. What useful solutions have you identified to solve these various problems and what was the impact on the business?

The entrepreneurs interviewed found resources and managed to adapt their businesses to the new economic and social context. The solutions found and implemented are the following: digitalization (almost complete) of companies - a very important factor was the digitalization of public institutions; business transformation (adaptation of products or services for the new reality), many entrepreneurs have even decided to change the object of activity; changing the sales process (from offline or face to face to 100% online); modification of the communication process with clients, partners, suppliers (almost 100% digital); flexible work schedule for employees (an advantage for the recruitment process); the efficiency of the consumption of resources and expenses and at the same time the responsibility of all categories of employees.

4.4. Do you consider that there have been opportunities in the last 3 years? What were these?

All the entrepreneurs interviewed answered "CATEGORILY YES". The last three years have been full of many problems, threats, but at the same time with many opportunities. These opportunities were both for existing businesses and before 2020, but also for the opening of new businesses in 2020, 2021 and 2022.

The first big opportunity was the "forced" digitization of private companies, but also of public institutions, regardless of the country we are talking about. Whoever did not take this step, most likely lost the rhythm or even gave up the business.

Another great opportunity was entering new markets, new fields of activity, practically transforming businesses. New needs for clients appeared, new priorities, which could be realized in a new context. Also, the sales process has gone to another level. More precisely, the classic sale with prearranged meetings and interminable discussions has come to an end in most cases. In the present, the discussion is much more concrete, much more synthesized and to the point, without wasting time.

The third mentioned opportunity is related to human resources. If until 2020, most employers and workers talked almost only about full-time jobs, after 2020 more and more part-time jobs, or full-time but with flexible schedules, were discussed and realized. In some cases, it was only collaboration for certain projects.

All these decisions positively influenced the human resources departments but also the activity of the companies.

In addition to these, the following were also mentioned: new online business ideas, cost reduction, openness to new partnerships or more and more barter contracts (a solution that can be useful in this complicated period).

4.5. What was the main reason that determined you to start a business during the pandemic?

Some of the entrepreneurs interviewed decided to open a business after 2020 and not by chance. The main reason behind their decision was that they found certain opportunities for the development of a new business.

The fields in which they decided to start a new business are the following: events (even if it is an extremely affected industry in the last 3 years), tourism (the same, with many problems), commerce, but also intermediation of advertising services.

4.6. In your opinion, what changes do you think will be in the field in which you are active, in the next 5 years?

All the people interviewed believe that changes will be inevitable in the next period. We are living in times of profound changes in everyone's life and these will implicitly be reflected in the activity of companies.

The changes mentioned by the entrepreneurs are the following: even deeper digitization of the public and private sector; the profile, needs and expectations of clients; the channels through which to communicate, negotiate and maintain contact with clients, partners, suppliers, etc.; more and more people who will see the opportunities in a crisis situation; new solutions on the energy market; adapting new generations of workers / employers.

## 5. Conclusions, results and solutions

Entrepreneurs invest a lot of time and effort in launching their business. (Mariotti, Glackin, 2021) One of the most important aspects in the business field is for entrepreneurs to be aware of the problems they have in their business, what the solutions can be to solve these problems and at the same time to be aware of the opportunities and how they can be capitalized, in this difficult global context, from all points of view. (Anastasiu, Ghenea, 2022).

You cannot achieve a sustainable and scalable entrepreneurial construction without relying on a very simple and clear concept, called "delegation". (Ghenea, 2011). Very few companies maintain the balance of continuous exploration. (Martin, 2009)

The problems that have appeared in the last three years are diverse: the suspension of the activity, higher costs (in general), the problem of headquarters, raw materials increasingly difficult to find, increasing problems with human resources, but also with the internal communication process and external.

There were companies in these fields before 2020, but after that everything was different. There were companies/entrepreneurs who could not resist the changes and closed or sold the business.

Instead, other entrepreneurs came, more motivated, more eager to perform. The latter are much more open to adapting to the new global context and some of them already have important results.

By comparison with the evolution of other EU countries, Romania registers the most aggressive phenomenon of creative destruction, due to a high number of companies that stop their activity, compared to that of newly registered companies. (Guda, 2019).

The solutions and opportunities presented by the majority of interviewed entrepreneurs: the creation of active partnerships, useful for all parties (public and private sector); reducing costs for advertising or public communication.

Also, another solution at hand and that can produce positive effects for organizations would be "barter". In crisis situations, barter is an extremely useful option, regardless of the field of activity. Even in the public sector, it can be practiced, with certain limits, but with a positive impact. Emmanuel Macron stated, at the end of a conversation with Olaf Scholz, that France will send Germany natural gas, and in return will receive electricity, in case it is needed in the winter. So barter contracts can be implemented and can be useful, regardless of the level at which they are negotiated. (Marine, 2022).

The entrepreneurs interviewed highlighted what the business plan must contain, especially in this difficult period: what is happening in the economy? how does it affect our business? how am I compared to the competition? can I offer what the market wants? can I guarantee quality? (Patrascanu, Cretu, Daniliuc, Manolescu, Marcu, Maxim, Roman, Stoian, Vranceanu, 2012)

There is still uncertainty, panic and fear, internationally and nationally. 73% of Romanians believe that a major economic crisis will come in the next period and only 3% believe that the crisis will not come, while 20% cannot appreciate it, according to a survey carried out by Avangarde, commissioned by G4Media .ro. According to the survey, the main reason for Romanians' concern is inflation (50%), only then the energy crisis (17%), the food crisis (15%) and the increase in bank rates (10%). (Tapalaga, 2022).

Businesses grow, stagnate or "die" suddenly. Businesses "fly" up or down. When businesses "die", they can leave debts or victims. But the most important thing, business is done by people, for people and with people, and we must never forget this! (Saygo, Tane, 2019).

I decided to end this article with an opinion signed by Mr. Adrian Vasilescu (economist, coordinator of the communication strategy of the National Bank of Romania and adviser to the governor of the National Bank of Romania): "Now begins another era that we have to get used to: a high interest rates and expensive money" (Vasilescu, 2022).

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