COMPARATIVE INSIGHTS INTO ENTREPRENEURSHIP IN ROMANIA AND SERBIA: A GEM-BASED ANALYSIS

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Abstract: Entrepreneurship is a key driver of economic development, particularly in transitioning economies. The present paper compares the entrepreneurial ecosystems of Romania and Serbia, two countries with shared historical and regional contexts but distinct developmental trajectories. Utilizing data primarily from the Global Entrepreneurship Monitor, this analysis examines core indicators such as perceived opportunities and systemic framework conditions. The methodology leverages GEM's dual approach, combining individual-level insights from the Adult Population Survey with systemic evaluations from the National Expert Survey. Additional insights are drawn from international sources such as the World Intellectual Property Organization and the Observatory of Economic Complexity. Findings reveal comparative aspects between the two ecosystems. Both Romania and Serbia exhibit relatively similar (moderate to strong) performance in - physical and services & commercial and professional - infrastructure combined with moderate internal market dynamics, creating a stable foundation for basic entrepreneurial activity. Serbia stands out with relatively more robust governmental programs. Nevertheless, significant challenges persist. Romania faces pronounced difficulties in R&D transfer and limited effectiveness of governmental programs, which hinder its capacity for innovation-driven entrepreneurship. Similarly, Serbia struggles with inadequate access to financing for entrepreneurs, presenting a shared obstacle to fostering a more vibrant entrepreneurial landscape. These insights bring forward shared challenges in cultivating innovation-driven entrepreneurship and highlight the inadequate institutional support. The comparative analysis underscores the importance of tailored policy interventions to address systemic weaknesses and leverage each country's strengths. The results also contribute to understanding entrepreneurial dynamics in Central and Eastern Europe, offering insights for researchers, policymakers, and practitioners.

Keywords: Entrepreneurship, Global Entrepreneurship Monitor (GEM), Romania, Serbia

JEL classification: L26

1. Introduction

Entrepreneurship serves as a cornerstone for economic development, driving innovation across the globe (Geetha et al., 2024). In brief, entrepreneurship is defined as the process of recognizing opportunities and mobilizing resources to create new products or services (Garg, 2024), while aiming at generating profit and adding value. Taken together, entrepreneurship and innovation embody key engines of economic vitality, contributing to job creation (Fölster, 2000; Ayan et al., 2024), sustained growth (Audretsch et al., 2007), and adaptability in the face of economic shifts (Korber and McNaughton, 2018).

The importance of entrepreneurship extends beyond general economic growth, in the sense that it acts as a transformative force within specific national and regional contexts. In emerging markets,

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such as those in Central and Eastern Europe (CEE), entrepreneurship plays an especially vital role in transitioning economies (from central planning to competitive market systems). Romania and Serbia represent compelling examples within this context, providing an opportunity to study the dynamics of entrepreneurship in countries shaped by shared historical legacies and regional interdependencies. While both nations have experienced similar transitions from centralized economies to market-based systems following the fall of communism in 1989 (Uvalic, 2012; Smith, 2002; Dobrescu, 1996), their entrepreneurial ecosystems reveal notable differences in behaviors, perceived opportunities, and systemic development.

Understanding the entrepreneurial landscape in any country necessitates examining it in a more nuanced way and therefore, this article seeks to explore the differences between Romania and Serbia through core indicators such as Perceived Opportunities, Entrepreneurial Capabilities, Total Early-Stage Entrepreneurial Activity (TEA), and Established Business Ownership (EBO), utilizing data mostly from the Global Entrepreneurship Monitor (GEM). The findings, contextualized within the socio-economic realities of the two countries, highlight not only the contrasts in their entrepreneurial landscapes but also potential avenues for policy intervention and ecosystem enhancement.

The rationale for this comparative analysis lies in the shared yet divergent trajectories of Romania and Serbia within the CEE region. Despite their similar histories and geographic proximity, the two nations have followed distinct paths in their entrepreneurial evolution. By analyzing their respective ecosystems, this comparison aims to uncover insights into how policy, cultural factors, and institutional frameworks shape entrepreneurship. In doing so, it seeks to contribute to a deeper understanding of the opportunities and challenges faced by entrepreneurs in transitioning economies.

2. Data Sources and Methodology

The present paper draws on data primarily from the Global Entrepreneurship Monitor (GEM) Report, supplemented by international insights from organizations such as the World Intellectual Property Organization (WIPO) and the Observatory of Economic Complexity (OEC) (Simoes, 2012). These additional sources provide a more robust foundation for analyzing entrepreneurial activity in Romania and Serbia.

The GEM Consortium represents a landmark initiative in entrepreneurship research. It was founded as a collaborative effort between Babson College in the United States - ranked as a leader in entrepreneurship education (U.S. News and World Report, 2024) - and the London Business School in the United Kingdom, ranked among Europe's top business schools (Financial Times, 2024). Celebrating its 25th anniversary in 2024, GEM has become a globally trusted source of entrepreneurship data and insights, with participation from over 120 countries throughout its history (GEM, 2024). GEM's research is distinguished by its comprehensive and systematic approach to understanding entrepreneurial activity across diverse economies. Two key instruments underpin its data collection: (1) the Adult Population Survey (APS) and (2) the National Expert Survey (NES).

1) Adult Population Survey (APS)

The APS provides an in-depth analysis of entrepreneurial behaviors, attitudes, and perceptions at the individual level. Administered to a minimum of 2,000 adults in each participating country, this survey captures a wide range of metrics, including perceived opportunities, entrepreneurial intentions, capabilities, and the Total Early-Stage Entrepreneurial Activity (TEA) rate (Reynolds et al., 2005). The APS is widely recognized for its ability to deliver granular insights into the motivations, challenges, and aspirations of entrepreneurs within diverse national contexts (Bosma and Kelley, 2019).

2) National Expert Survey (NES)

Complementing the APS, the NES focuses on the systemic factors that shape national entrepreneurial ecosystems. Conducted annually with a panel of 36 experts in each participating country, the NES evaluates key framework conditions such as government policies, access to finance, cultural

attitudes, and entrepreneurial education (GEM, 2023; Rietveld and Patel, 2023b). This survey provides critical insights into how contextual factors influence individual entrepreneurial behaviors and outcomes. Additionally, the NES data are widely used for benchmarking the quality and effectiveness of national entrepreneurial ecosystems, making it a vital tool for policymakers and researchers.

Together, the APS and NES provide a panoramic view of entrepreneurship by linking individual-level entrepreneurial activity with broader ecosystem conditions. This dual approach enables the GEM framework to offer applicable insights into the interplay between personal entrepreneurial behaviors and the systemic factors that enable or constrain them. By leveraging these instruments, this paper follows to ensure a balanced analysis of the entrepreneurial landscapes in Romania and Serbia, addressing both the micro and macro dimensions of entrepreneurship.

3. Understanding the Contextual Entrepreneurial Landscape in Romania vs. Serbia

Entrepreneurship does not occur in isolation; it is embedded within systems and shaped by a complex web of economic, cultural, and institutional factors. These factors collectively influence the ease or difficulty of starting and sustaining a new business. GEM's National Expert Survey (NES) provides a comprehensive framework for examining these dynamics, focusing on Entrepreneurial Framework Conditions (EFCs). These conditions reflect the systemic factors that either enable or constrain entrepreneurial activity in a given country.

GEM identifies nine key EFCs (GEM, 2024), three of them comprising specific sub-components (which leads to a total number of twelve conditions). Altogether, these conditions offer a holistic view of a country's entrepreneurial ecosystem and the 9 key conditions include the following: (1) access to finance – the availability of financial resources, including equity and debt; (2) government policies – the extent to which public policies support entrepreneurship, through tax incentives, regulations, and administrative ease; (3) government entrepreneurship programs – the presence and effectiveness of initiatives designed to support entrepreneurs; (4) entrepreneurial education and training – the quality and availability of entrepreneurship education at primary, secondary, and tertiary levels; (5) research and development (R&D) transfer – the efficiency of transferring new knowledge and technology to the market; (6) commercial and legal infrastructure – the presence of supportive legal and commercial services for business activity; (7) entry regulation – the dynamics of market entry, including competition policies; (8) physical infrastructure – the availability and quality of basic infrastructure such as roads, telecommunications, and utilities and (9) cultural and social norms – societal attitudes towards entrepreneurship, including risk-taking and innovation.

These pillars create the foundational conditions that determine entrepreneurial behavior and attitudes, as well as activity within a country. For instance, access to finance or a favorable policy environment may encourage individuals to pursue entrepreneurial ventures, whereas restrictive market dynamics or cultural barriers might discourage such activities. Research suggests that informal considerations, such as cultural norms and societal expectations, often moderate the impact of these systemic conditions on entrepreneurial activity (Rietveld and Patel, 2023b).

Given these foundational factors, we will further dive into the business conditions context in both Romania and Serbia. This section presents key comparative insights (Table 1) derived from data sources such as Global Entrepreneurship Monitor (GEM), the Global Innovation Index (GII), and the Economic Complexity Index (ECI).

The National Entrepreneurial Context Index (NECI) evaluates the quality of national entrepreneurial ecosystems on a scale of 0 to 10, based on factors such as government support, infrastructure, and cultural attitudes toward entrepreneurship. In 2022, Romania scored 4.2, indicating challenges in several systemic areas necessary for fostering entrepreneurship (GEM, 2023; Zabó et al., 2023). Serbia performed slightly better, with a score of 4.6, reflecting marginally stronger conditions for entrepreneurial activity (GEM, 2023).

The Global Innovation Index (GII) ranks countries based on their innovation ecosystems, including indicators like R&D expenditure, human capital, and infrastructure. In 2023, Romania ranked 47th globally, demonstrating moderate progress in fostering innovation (WIPO, 2023). Serbia ranked 53rd, trailing slightly behind Romania but showcasing a growing potential for innovation-driven entrepreneurship (WIPO, 2023).

The Economic Complexity Index (ECI) measures the knowledge intensity and sophistication of a country's economy across three key dimensions: trade, technology, and research output. Insights from the Observatory of Economic Complexity (OEC) include: (A.) ECI Trade, where Romania ranked 26th in 2022, highlighting a relatively diversified and sophisticated trade portfolio. Comparatively, Serbia ranked 36th in 2022, indicating slightly lower complexity in trade activities compared to Romania; (B.) ECI Technology, where Romania ranked 42nd in 2021, reflecting moderate capabilities in leveraging patents and technological innovation. In contrast, Serbia ranked 54th in 2021, showcasing some advancements but remaining behind Romania in technology-driven economic complexity; (C.) ECI Research, where Romania ranked 71st in 2022, suggesting challenges in converting research output into innovation and entrepreneurial activity. On the other hand, Serbia ranked 58th in 2022, outperforming Romania in research-driven complexity, which could enhance its entrepreneurial potential (OEC, 2023).

Table 1: Comparative business conditions in Romania vs. Serbia

Indicator	Romania	Serbia	Source
NECI (2022)	4.2	4.6	GEM (2023)
Global Innovation Index (2023)	Rank #47	Rank #53	WIPO (2023)
ECI Trade (2022)	Rank #26	Rank #36	OEC (2023)
ECI Technology (2021)	Rank #42	Rank #54	OEC (2023)
ECI Research (2022)	Rank #71	Rank #58	OEC (2023)
Physical and services infrastructure	Moderate	Strong	GEM (2023)
Cultural and social norms	Weak	Moderate	GEM (2023)
R&D Transfer	Weak	Moderate	GEM (2023)
Post-school entrepreneurial education	Moderate	Weak	GEM (2023)
Governmental programs	Weak	Moderate	GEM (2023)
Internal market openness	Moderate	Moderate	GEM (2023)
Takes and bureaucracy	Moderate	Moderate	GEM (2023)
Financing for entrepreneurs	Moderate	Weak	GEM (2023)

Source: GEM (2023), OEC (2023), WIPO (2023)

The GEM framework provides deeper insights into the systemic factors shaping entrepreneurship in both countries (Figure 1).

Figure 1: Entrepreneurial Framework Conditions in Romania vs. Serbia

Serbian and Romanian Framework Conditions
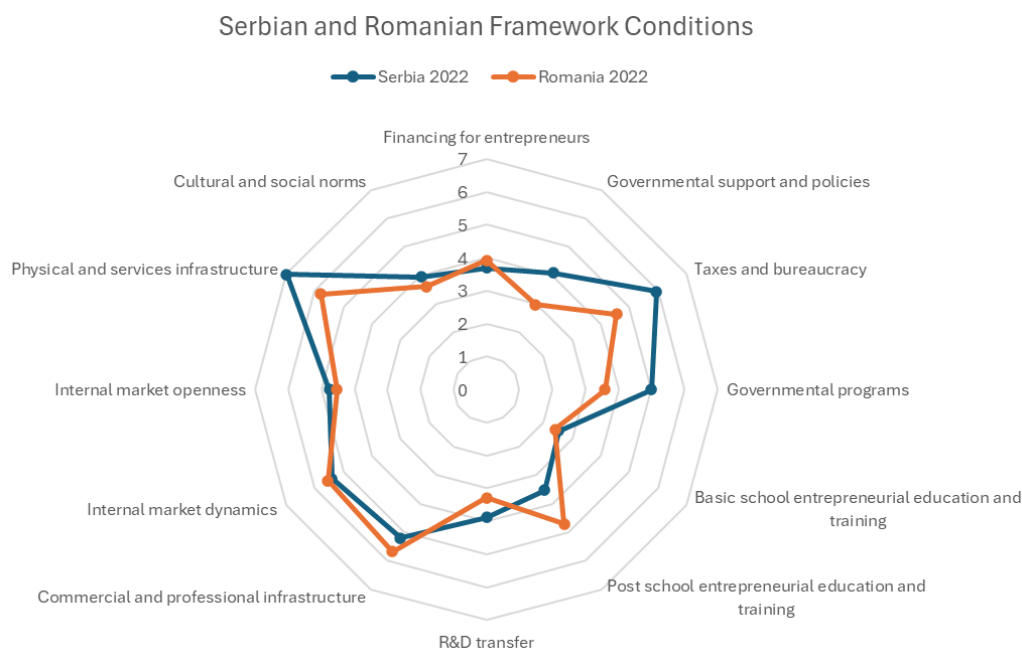
Source: Own representation based on GEM data (2023)

Regarding Romania and Serbia's Entrepreneurial Framework Conditions (EFCs) it is revealed that both countries perform well in physical and services infrastructure and relatively well in internal market dynamics, indicating supportive environments for basic entrepreneurial activities. Serbia demonstrates relatively stronger governmental programs, contributing to its slightly higher NECI score.

Still, in terms of weaknesses, Romania exhibits challenges in R&D transfer and governmental programs, which constrain its ability to foster innovation-driven entrepreneurship. Serbia faces barriers in financing for entrepreneurs (quite similarly to Romania), reducing the ease of starting businesses.

4. Comparing Entrepreneurial Behaviour and Attitudes in Romania vs. Serbia

Entrepreneurial behavior and attitudes are essential dimensions for understanding the entrepreneurial ecosystems in general. These dimensions are defined by the Global Entrepreneurship Monitor (GEM, 2024) and grouped into six key categories:

01. *Self-Perceptions*: This category examines individuals' confidence and readiness to engage in entrepreneurial activities. It includes the Perceived Opportunities Rate, Perceived Capabilities Rate, Fear of Failure Rate, and Entrepreneurial Intentions Rate. These indicators reflect how individuals perceive opportunities, assess their entrepreneurial abilities, and evaluate risks associated with starting a business.
02. *Activity*: This includes metrics related to entrepreneurial participation, such as Total Early-stage Entrepreneurial Activity (TEA), Established Business Ownership Rate, and Entrepreneurial Employee Activity Rate. These indicators provide insight into the prevalence of entrepreneurial ventures and the extent to which individuals engage in entrepreneurial activities within organizations.
03. *Motivations*: This category includes the Motivational Index, which evaluates the ratio of opportunity-driven to necessity-driven entrepreneurship. It highlights the underlying reasons why individuals choose to pursue entrepreneurial ventures.

04. *Gender Equality*: Indicators under this category, such as the Female-to-Male TEA Ratio and the Female-to-Male Opportunity-driven TEA Ratio, assess gender disparities in entrepreneurial participation and motivation.
05. *Impact*: This category explores the potential outcomes of entrepreneurial activity, including the High Job Creation Expectation Rate, Innovation Rate, and Business Services Sector Rate. These indicators measure the broader economic and innovative impacts of entrepreneurship.
06. *Societal Values*: This includes the High Status to Successful Entrepreneurs Rate and Entrepreneurship as a Good Career Choice, reflecting cultural attitudes and perceptions toward entrepreneurship within a society.

In the following section of the article, we will conduct a side-by-side comparison of the available indicators for Romania and Serbia for the year 2022. This analysis aims to highlight similarities and differences between the two countries, providing a deeper understanding of their entrepreneurial landscapes and shedding light on key trends and challenges within their respective ecosystems. The comparison lacks the following indicators due to data unavailability for the analysed countries as per the year 2022: Entrepreneurial Employee Activity Rate, Motivational Index, Female-to-Male Opportunity-driven TEA Ratio and Innovation Rate.

4.1. Self-Perceptions. Perceived Opportunities, Perceived Capabilities, Fear of Failure, and Entrepreneurial Intentions

In 2022, 63.75% of Romanians perceived favorable entrepreneurial opportunities (Figure 2) in their local areas, a figure that decreased to 55.67% in 2023 (GEM, 2024). Despite this decline, both percentages remain above the global and regional average. This suggests that, even with the drop, Romanians continue to display confidence in the availability of entrepreneurial opportunities.

For the same year, 2022, only 37.76% of Serbians perceived favorable opportunities to start a business in their area, a figure below both the global and regional average. However, it is noteworthy that since 2009, when this indicator stood at 29.33%, there has been an increase of roughly 30%.

In respect to perceived capabilities (Figure 2), in 2022, 62.68% of Romanians and 66.13% of Serbians believed they possessed the skills, knowledge, and experience necessary to start a business, demonstrating a strong confidence in their entrepreneurial capabilities.

Figure 2: Perceived Opportunities and Perceived Capabilities Rates in Romania vs. Serbia

|	Perceived opportunities	Perceived capabilities
Serbia 2022	37.76	66.13
Romania 2022	63.75	62.68
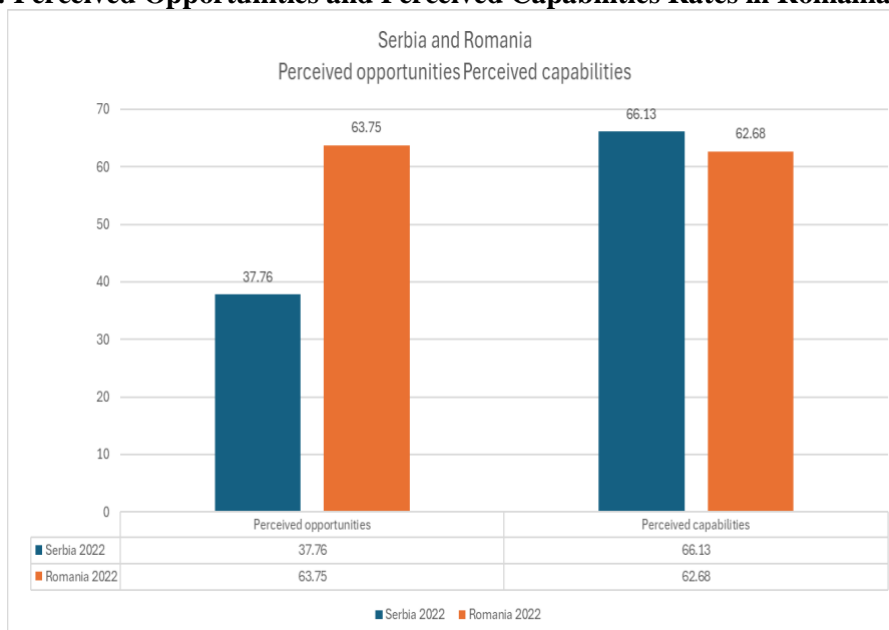
Source: Own representation based on GEM data (2023)

Fear of Failure Rate quantifies the proportion of individuals who perceive viable business opportunities but are deterred from pursuing them due to concerns about potential failure. This metric is calculated as a percentage of those who recognize opportunities, rather than the total adult population.

Fear of failure inhibits entrepreneurial behaviour and culture plays an important role in uncertainty avoidance (Wennberg et al., 2013). National culture is often seen as central to entrepreneurship (Hayton et al., 2002). A negative perception of failure can lead individuals to actively avoid situations where failure is a possibility (Shepherd, 2003). As a result, they may be less likely to pursue entrepreneurial endeavors, which are inherently risky.

A significantly higher percentage of Romanians (55.69%) compared to Serbians (41.34%) indicated that fear of failure would deter them from starting a new venture (Figure 3). While Serbian fear of failure lies below regional and global averages, Romanians display a significantly higher rate.

Figure 3: Fear of Failure and Entrepreneurial Intentions Rates in Romania vs. Serbia

	Fear of failure rate *	Entrepreneurial intentions
Serbia 2022	41.34	12.41
Romania 2022	55.69	6.38
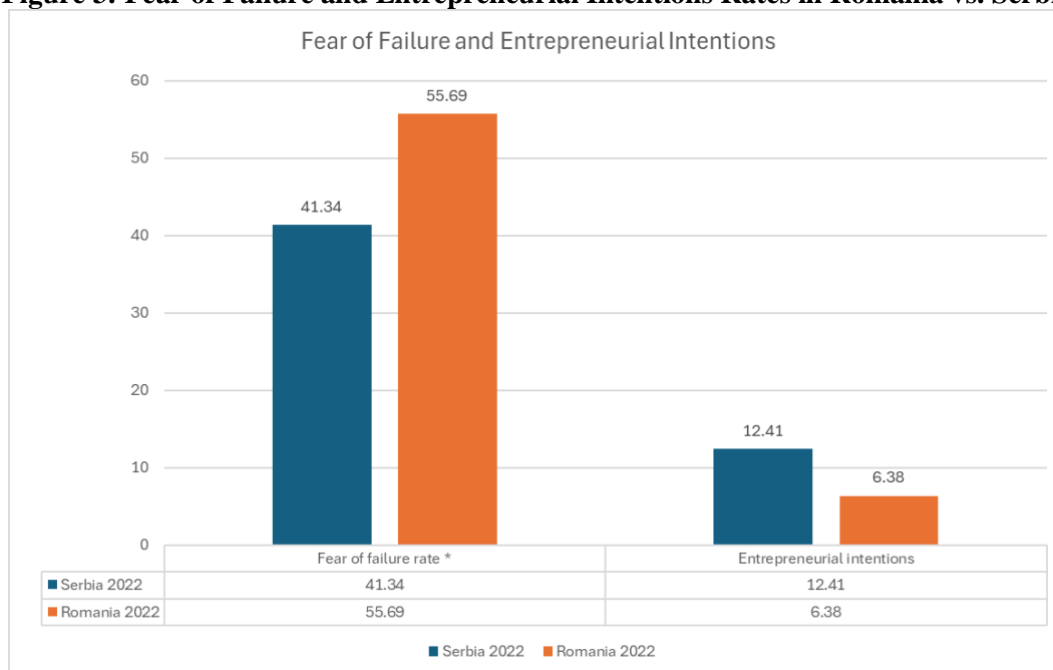
Source: Own representation based on GEM data (2023)

The Entrepreneurial Intentions Rate quantifies the percentage of individuals within the 18-64 age group who exhibit latent entrepreneurial tendencies and intend to establish a business within the next three years, excluding those already engaged in any entrepreneurial activities. Latent entrepreneurship is identified by an individual's expressed preference for self-employment over traditional employment (Grilo and Thurik, 2005). The Entrepreneurial Intentions Rate in Romania is notably lower than in Serbia (Figure 3), standing at only 6.38% compared to Serbia's rate of 12.41%.

4.2. Activity. TEA and EBO

Total Early-Stage Entrepreneurial Activity (TEA) is a key indicator within the GEM framework. It represents the percentage of the 18–64-year-old population who are either nascent entrepreneurs - individuals actively involved in starting a new business - or owner-managers of a newly (under 3.5 years old) established business. For years, GEM has emphasized this phase, which encompasses the period leading up to the launch of a new firm (nascent entrepreneurship) and the early stages of managing a newly established business. Together, these stages are collectively referred to as "total early-stage entrepreneurial activity".

In 2022, Romania's TEA rate stood at 8.25%, while Serbia's rate was higher, at 10.48% (Figure 4). A downward trend in Romania's TEA rate is evident in recent years, declining from 11.35% in 2014 to 10.83% in 2015 and further to 9.68% in 2021. Projections suggest a continuation of this downward trend in 2023 (GEM, 2024). Conversely, Serbia has demonstrated an upward trend in TEA rates since 2009. It's important to note that Romania possesses a significantly longer historical dataset for TEA analysis compared to Serbia.

Figure 4: TEA and EBO Rates in Romania vs. Serbia

Serbia and Romania
Total early-stage Entrepreneurial Activity (TEA) & Established Business Ownership (EBO)

	Total early-stage Entrepreneurial Activity (TEA)	Established Business Ownership
Serbia 2022	10.48	2.94
Romania 2022	8.25	8.61

Source: Own representation based on GEM data (2023)

The Established Business Ownership Rate (EBO) shows the percentage of the 18–64-year-old population who are currently owner-managers of established businesses - defined as businesses that have been operational and have paid salaries, wages, or other forms of compensation to their owners for over 42 months, respectively 3.5 years (GEM, 2023).

Romania exhibits a significantly higher EBO rate at 8.61% compared to Serbia's 2.94% (Figure 4). In most countries the TEA rates typically exceed EBO rates. This can be attributed to the reality that not all new ventures survive beyond 3.5 years to transition into what is classified as an established business. Romania is among the nine out of 49 GEM-participating nations in 2022 where the EBO rate surpasses TEA (GEM Romania, 2023). This situation warrants careful interpretation though. According to GEM experts, a high EBO relative to TEA can indicate a healthy ecosystem where a substantial number of new ventures successfully transition into established businesses. However, it can also signal a decline in entrepreneurial dynamism, potentially due to a lack of interest or confidence in starting new businesses within the country.

4.3. Gender Equality. Female-to-Male TEA

The Female/Male TEA Ratio is calculated by dividing the percentage of female individuals aged 18-64 engaged in early-stage entrepreneurial activity (nascent entrepreneurs or owners/managers of new businesses) by the corresponding percentage for their male counterparts.

Romania's Female/Male TEA ratio of 0.66 indicates that for every three businesses started by men, approximately two are initiated by women. This ratio falls below both regional and global averages. Serbia exhibits an even lower ratio of 0.43, indicating a more pronounced disparity in entrepreneurial activity between genders (Figure 5).

Figure 5: Female-to-Male TEA Ratio in Romania vs. Serbia

Source: Own representation based on GEM data (2023)

In a minority of economies, including China, Colombia, Ecuador, Thailand, and Lithuania, women are equally likely or more likely than men to initiate or lead new businesses. However, in a significant number of economies (39), male entrepreneurship remains more prevalent. Encouragingly, GEM data indicates a gradual global trend towards narrowing the gender gap in entrepreneurship over the past 25 years (GEM, 2023). This positive development aligns with the United Nations' Sustainable Development Goal 5, which aims to achieve gender equality and empower all women and girls (UNDP, 2024).

Since 2004, Serbia has seen the establishment and subsequent evolution of various institutional frameworks aimed at promoting gender equality. Currently, there is a permanent governmental body that serves as the primary national mechanism. While the placement of this governmental body under the Deputy Prime Minister's office suggests a high-level political commitment to gender equality, other indicators of this commitment may not fully reflect this initial impression (Babović, 2021).

4.4. Impact. High Job Creation Expectation and Business Service Sector

The High Job Creation Expectation Rate metric measures the percentage of individuals engaged in Total Early-Stage Entrepreneurial Activity (TEA) who anticipate creating six or more jobs within the next five years.

The higher High Job Creation Expectation Rate of Romania (23.9%) compared to Serbia's (12.32%) as per 2022 (Figure 6) highlights a difference in growth-oriented entrepreneurial expectations between the two countries. The higher rate in Romania suggests that the country's early-stage entrepreneurs are more optimistic about scaling their businesses in terms of number of employees, compared to their Serbian counterparts. This may reflect disparities in access to resources, market conditions, or policy environments that support high-growth entrepreneurship.

Figure 6: High Job Creation Expectation and Business Service Sector Rates in Romania vs. Serbia
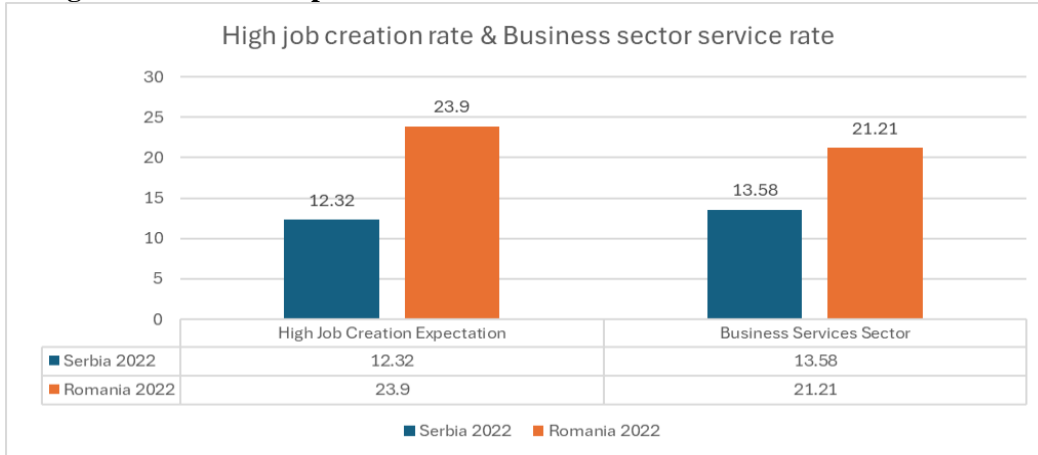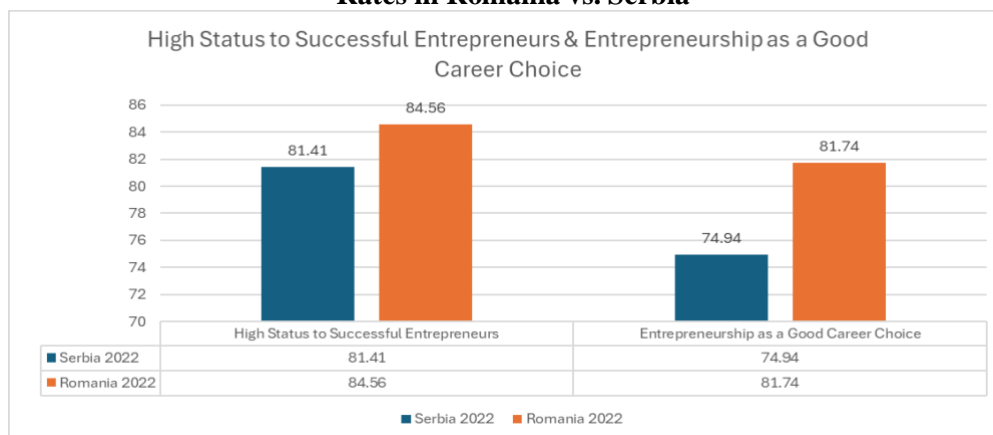

Source: Own representation based on GEM data (2023)

The Business Services Sector Rate represents the percentage of individuals involved in TEA within the Business Services sector (such as Information and Communications, Professional Services or Administrative Services, Financial Intermediation and Real Estate).

The higher Business Services Sector Rate of Romania (21.21%) compared to Serbia's (13.58%) may indicate a more developed service sector in Romania (Figure 6), potentially cultivating more favorable conditions for entrepreneurial activity. Alternatively, it could suggest the existence of greater entrepreneurial opportunities within these specific industries in the Romanian context.

4.5. Societal Values. High Status to Successful Entrepreneurs and Entrepreneurship as a Good Career Choice

The High Status to Successful Entrepreneurs rate measures the public perception of successful entrepreneurship within a society. In both Romania (84.56%) and Serbia (81.41%) a high proportion of the population believes that successful entrepreneurs are held in high regard, exceeding both regional and global averages (Figure 7).

Figure 7: High Status to Successful Entrepreneurs and Entrepreneurship as a Good Career Choice Rates in Romania vs. Serbia

Source: Own representation based on GEM data (2023)

Similarly, the Entrepreneurship as a Good Career Choice rate, which assesses the desirability of entrepreneurship as a career path, is also favorable in both countries. Romania scores 81.74%, while Serbia scores 74.94%, both surpassing regional and global averages. These findings suggest a positive societal perception of entrepreneurship in both nations.

The slightly higher scores in Romania may indicate slightly stronger societal support or more visible entrepreneurial role models, which could further stimulate entrepreneurial activity. For Serbia, while the scores are marginally lower, they still reflect a positive trend and a fertile ground for developing entrepreneurial initiatives.

5. Conclusions

Comparing entrepreneurship in Romania and Serbia showcased significant insights into the systemic and behavioral differences in their respective entrepreneurial ecosystems. Utilizing data from the GEM but not only, the analysis identified strengths and challenges in both countries - shaped by their socio-economic and institutional contexts.

Both Romania's and Serbia's high scores in societal values metrics (above 80%) indicate a strong cultural admiration for entrepreneurial success. However, this cultural support does not directly translate into higher entrepreneurial intentions (6.38% in Romania vs. 12.41% in Serbia), suggesting that systemic barriers such as fear of failure (55.69% in Romania) or lack of resources (eg. financing or R&D transfer) inhibit the conversion of aspirations into action.

Romania's weaker performance in R&D transfer and governmental programs, combined with a moderate score in internal market dynamics, underscores structural challenges. The relatively strong business services sector and trade complexity highlight potential for innovation, yet these are not adequately leveraged due to weak support systems. Policy interventions focused on enhancing R&D transfer mechanisms and increasing the efficacy of government programs could unlock this latent potential and foster innovation-driven entrepreneurship.

Serbia demonstrates strengths in its research-driven entrepreneurial complexity and somewhat more effective government programs, which provide a more solid foundation for entrepreneurial activity. However, weaknesses such as lower TEA rates for women and constrained access to financing present significant barriers to inclusive growth. Addressing these challenges requires targeted interventions to improve access to financing, particularly for start-ups and women entrepreneurs, ensuring equitable opportunities across demographics. Additionally, Serbia can build on the strength of its government programs by expanding support for scaling businesses, fostering growth-oriented ventures. Enhancing post-secondary entrepreneurial education is also critical to addressing skill gaps and sustaining momentum in TEA.

Nevertheless, several limitations in the analysis must be acknowledged. First, the availability of longitudinal data presents a significant constraint. While Romania has a more extensive historical dataset that allows for tracking entrepreneurial trends, Serbia's data is limited to 2022 and 2009 (the second earliest year with available data). This gap in temporal data restricts the ability to capture dynamic changes and limits the depth of longitudinal insights for Serbia. Future studies would benefit from consistent, year-to-year data for both countries to better assess entrepreneurial ecosystem evolution over time.

Second, relying on GEM's National Expert Survey for ecosystem evaluations introduces potential methodological limitations. As highlighted by Rietveld and Patel (2023a), the NES suffers from issues related to construct validity and reliability, as well as imprecision. Subjective expert evaluations can lead to ambiguous and unreliable results. Moreover, the relatively small sample sizes of experts in each country further reduce the precision of aggregated metrics like the National Entrepreneurship Context Index, which serves as a basis for cross-country comparisons. These concerns necessitate a cautious interpretation of findings, especially when making policy recommendations.

While the NECI rankings suggest marginally stronger systemic conditions for entrepreneurship in Serbia, the inherent imprecision of the data warrants restraint in making definitive cross-country comparisons. Additionally, the analysis highlights areas of shared challenges for both countries, such as weaknesses in post-school entrepreneurial education and R&D transfer mechanisms, which are critical for fostering innovation-driven entrepreneurship. Addressing these bottlenecks could enhance both countries' entrepreneurial ecosystems and provide a stronger foundation for long-term economic development.

Despite these challenges, the study delivers useful insights by comparing entrepreneurial behaviors and ecosystem conditions in two transitioning economies with shared historical legacies but differing developmental trajectories. For policymakers, the findings emphasize the need for targeted interventions to strengthen institutional support, improve education, and enhance access to resources such as financing and technology. Both Romania and Serbia have the potential to leverage their respective strengths to create more resilient and dynamic entrepreneurial ecosystems. Future research should build on these findings by employing diverse data sources and addressing methodological shortcomings to develop a more comprehensive understanding of entrepreneurship in Central and Eastern Europe.

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