

ROMANIA - Country Research Report

Partner name and country: ADES & UPIT - Romania

Data about respondents and their organisations:

<i>Total number of respondents</i>	78
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<i>Age of the youngest respondent</i>	<i>Age of the eldest respondent</i>	<i>Average age (from all respondents)</i>
23	66	46

<i>Number of SME managers</i>	<i>Number of SME owners</i>
25 (32%)	53 (68%)

<i>Shortest length of service</i>	<i>Longest length of service</i>	<i>Average length of service (from all respondents)</i>
1	31	9

<i>Number of employees</i>	<i>Less than 10</i>	<i>10 - 50</i>	<i>50 - 250</i>	<i>More than 250</i>
	59 (76%)	16 (20%)	3 (4%)	-

<i>Organisation's field of activity</i>	<ul style="list-style-type: none"> • Newspaper publishing activities • Road infrastructure engineering activities and technical consultancy services related to road infrastructure • Printing activities • Agriculture • Recreational and leisure activities • Beekeeping • insurance • Financial audit and accounting services • Nursing home • Trade • Footwear manufacturer • Civil and industrial constructions • Construction of roads and bridges
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	<ul style="list-style-type: none"> • Management consulting • Consulting and training • Education • Hairdresser's • Hospitality • Automotive industry, production • Wood industry • Textile industry • Cultural education (folk dance school) • IT • Logistics • Electrical works • Sanitary installation works • Manufacturer of non-precious metal jewellery • Bakery, pastry shop, confectionery • Mechanical processing • Dairy processing • Manufacturing • Advertising • Goods restorations • Services • Telecommunications and security systems • Translations from and into a foreign language • Transport • Machinery and equipment for the wood industry
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<i>Number of organisations located in urban areas</i>	<i>Number of organisations located in rural areas</i>
66 (85%)	12 (15%)

Number of organisations concerned about innovation, in general	76 (97%)
Activities/actions that respondents currently implement (or they would be interested to implement) in order to support and promote innovation in their professional activity or work	<ul style="list-style-type: none"> • Establish and communicate to the employees the vision of the company • Involve of employees in company related decisions

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	<ul style="list-style-type: none"> • Organise WhatsApp or work groups for certain projects or for controlling activities in real time • Encourage employees to discuss the innovative ideas of colleagues, choosing and implementing the best proposed solutions • Reward those who propose innovative solutions
Number of respondents that promote innovation leadership	69 (88%)
Practices that encourage the employees the most to be proactive or contribute ideas	<ul style="list-style-type: none"> • Consulting various employees concerning their lines of work within the company and involving them in the process of modernising and directing the company's activity • Encouraging employees - to ask questions, or come up with ideas, to experiment with new ideas, to analyse together the results of other activities that have already been performed • Promoting a constructive dialogue between employees and manager and between colleagues • Bonus / offering of non-financial rewards for innovation and efficiency, depending on the implementation and viability of the proposed ideas and recognition of merits at the company level • Continuous staff training • Formation of mixed work teams with old and new employees • Organising team buildings where I challenge them to come up with solutions.
Beliefs of respondents regarding innovation leadership	<ul style="list-style-type: none"> • Recognition of individual contribution, showing appreciation for creative ideas • Consulting with them and allowing a certain freedom in organizing the activity and making decisions without

	<p>losing sight of the general direction of the company</p> <ul style="list-style-type: none"> • Work sessions, held in a warm atmosphere and where they are asked for help / brainstorming is organized • Empowering through delegation and transfer of responsibilities • Granting of bonuses / benefits: material (financial bonuses) or emotional (praise in front of the whole team) or practical (a day off).
<p><u>Behaviours</u> that respondents can practice to encourage and support their employees' openness to contribute their ideas/proactivity/willingness to engage in innovation activities</p> <p>OR</p> <p><u>Behaviours</u> that respondents find relevant for engagement and valuable contribution to (implement) innovation</p>	<ul style="list-style-type: none"> • Problems in the company are both for the management and the employees • Public recognition and financial and non-financial rewards • Constructive feedback • Always be open to any idea, no matter how crazy or doomed to failure it may seem • Supporting new ideas and their experimentation • Assuming joint responsibility in case of failure • Organizing events or meetings with employees where they are encouraged to come up with ideas • Empathy, respect and trust
<p><u>Areas</u> that respondents consider as the most important and that they believe WINN Toolkit and Training Programme should envisage</p>	<ol style="list-style-type: none"> 1. Critical thinking - 16 2. Clarifying ideas - 29 3. Mapping arguments and decisions - 6 4. Innovation mindset - 48 5. Emotional intelligence - 18 6. Leadership style - 36 7. Collaborative behaviours (active listening, constructive reaction to adversity, etc.) - 28 8. Empathy - 15 9. Overcoming biases in the decision-making process - 26 10. Heuristic reasoning (i.e. reasoning that is provisional and plausible and whose

	<p>purpose is to find the solution to the present problem; an informal, intuitive, speculative procedure that leads to a solution in some cases, but not in others) - 1</p> <ol style="list-style-type: none"> 11. Comparative reasoning (i.e. establishing the importance of something by comparing it against something else) - 4 12. Ideological reasoning (referring to people's possession of values, convictions, and beliefs that influence how they view the world, understand the world, etc.) - 7 13. Empirical reasoning (reasoning from the bottom up based on data, evidence and replicable experiments and demonstrable relationships) - 7
<p><u>Innovative behaviours</u> most necessary for an employee to become an innovative individual</p>	<p>(a) Idea generation behaviours:</p> <ol style="list-style-type: none"> 1. Exploring opportunities - 46 2. Identifying performance gaps - 24 3. Producing solutions for problems - 36 <p>(b) Idea application or implementation behaviours:</p> <ol style="list-style-type: none"> 1. Demonstrating application-oriented behaviour - 24 2. Investing effort in developing, testing and commercialising the idea - 24 3. Displaying strong personal commitment to the idea - 21 4. Persuading others of the value of that idea - 8 5. Enhancing creativity of your followers - 41 6. Proving creative self-efficacy - 21 <p>(c) Other:</p> <ul style="list-style-type: none"> • Employees' interest in this purpose • The power of personal example • Public appreciation • Rewarding of innovative results

In relation to “trying to introduce innovation into an organisation”:	
Paths to innovation	<ul style="list-style-type: none"> • Receptiveness to all that is new and defeat of inertia, of the concept “that will do too” • Freedom of expression and thought • Creating a pleasant environment • Organising working groups • Permanent open and effective communication with employees • Permanent evaluation of employees • Interest in new ideas and their implementation • Encouraging creative behaviour • Accountability of team members • Involvement of all employees • Organisational culture oriented towards innovation • Increasing level of knowledge of employees.
Areas of required individual development	<ul style="list-style-type: none"> • Critical thinking, decision making • Management, leadership, leadership styles • Emotional intelligence • Marketing • Organising teams and communicating within the team • Communication with customers, promotion • Creativity, creative problem solving
Main success factors	<ul style="list-style-type: none"> • Perseverance • Consistency in looking for innovative solutions • Continuous communication with employees • Team selection and motivation • Flexibility in dealing with difficult situations • Being open to the new

	<ul style="list-style-type: none"> • Confidence in the success of the approach taken • Continuous improvement of employees • Approaching failure • Developing employees' loyalty • Involvement of all members of the company • Motivation of those who get involved.
Challenges	<ul style="list-style-type: none"> • Reluctance to change • The grounded mindset of not being able to overcome various barriers inherited from predecessors • Lack of interest from employees who do not wish to step out of their comfort zone • Fear of failure • The convenience of following familiar paths and routine • Employees' resistance to the new, they are sometimes less willing to adapt • The market as a whole • Economic instability • Financial constraints • Legislative unpredictability • Limiting beliefs and prejudices • Accelerated technological progress

Interviews with representative of SME support organisations

Each of the two partners have interviewed one SME support organisation: Anca Socolovschi from ADES interviewed Ms. Mirela Săcăluș from fonduri-structurale.ro and Valentina Stinga from UPIT interviewed Mr. Daniel Crișan from AOA. The responses are presented in parallel, in order not to miss any details.

Brief description of the supporting institution and / or interviewee	fonduri-structurale.ro was established in 2006 to provide assistance for SMEs, start-ups, social enterprises, NGOs, public authorities in identifying financing sources for their development and since 2007 has	The supporting institution selected for the purposes of the interview is AOA Arges (Arges County Businessmen Association), which is a non-governmental, non-profit, and apolitical organization, set up at
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	<p>provided services in project management, grant application and grant implementation for a large array of beneficiaries in Romania. We wrote and implemented projects with non-reimbursable funding (ESF/ ERDF/ EEA-Norwegian/ Horizon 2020/ LIFE/ national funds) for business development, research, IT&C, human resources & large infrastructure. We've manage business accelerators for start-ups and social enterprises with ESF funding. In November 2020, we have launched consolid.ro, the first crowdfunding platform in Romania dedicated to financing social enterprises and creative industries.</p> <p>Mirela Sacalus is Partner and senior consultant @fonduri-structurale.ro, co-founder and operational manager @consolid8. She has over 10 years of experience in entrepreneurship, project management and social entrepreneurship.</p>	<p>the initiative of a group of important companies from Pitesti in order to effectively contribute to the development of the Arges economic environment.</p> <p>The main activity of the Arges County Businessmen Association materializes in representing the interests of members in relation to other entities, organizing business meetings in various forms to stimulate investment in the county, supporting campaigns to promote local products by holding fairs, exhibitions and other similar actions. The organization also aims to be an information and consulting centre for member companies.</p> <p>The representative we interviewed is Mr. Daniel Crişan, project manager/ trainer/ specialised researcher within the above-mentioned institution, with a far-reaching experience in the field of SME activity and entrepreneurial initiatives.</p>
<p>Main conclusions from the commentary on the research results</p>	<ul style="list-style-type: none"> • It is remarkable that a very high percentage (97%) of the respondents who have answered the questionnaire are interested in innovation and are already applying innovative actions within the company they're leading. • What I find very important is that in most cases innovation is promoted among employees (communicate the 	<p>The interviewee stated the following in relation to the project WINN and the results of the research:</p> <ul style="list-style-type: none"> • Overall, the results of the WINN project are of great relevance and importance to the activities of Romanian SMEs, which, perhaps, are less inclined to try to go on new tracks. But, especially in the current context, when the

	<p>company’s vision to the employees, involve employees in decision making, and encourage employees to discuss innovative ideas). Involving employees in the company decisions is very important, it motivates employees, it makes them more productive. Within the company where I have been working for 14 years, this approach has always existed, I had the opportunity to express my opinions related to certain subjects / debated topics / decisions to be made. In the meantime, I have moved from “employee” to “Partner”, but the approach has remained and is still the same.</p> <ul style="list-style-type: none"> • Some minuses that I have identified: There are no learning programs dedicated to the innovation process, there are no dedicated departments or innovation managers in the structure of the responding companies, those who innovate within companies are insufficiently motivated. • Some pluses that I have identified: there are clear signs of creativity being stimulated as an essential part of the innovation process and also, interdisciplinary and small teams are being encouraged 	<p>COVID-19 outbreak has forced so many SMEs to reconsider their activity, innovative solutions have to be found.</p> <ul style="list-style-type: none"> • The capacity and willingness of SMEs managers and owners to adapt to the new, to change something in the organisation of a business is essential for their survival on the market. It is typical of a human being to be resistant to change, but going outside the comfort zone may bring, even if not immediately, a lot of advantages. • This is especially the case now, in the context of the current economic crisis launched by the COVID-19 outbreak, when many SMEs have been forced to reconsider their activity and to find innovative solutions that would ensure their survival. • Especially in the current crisis context, innovation is the key for a SME to continue to exist. • It is essential that the products of such a project, for instance, the project platform, be available even after the project closes so that they could be accessed by SMEs managers and owners.
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	(it is the small teams that generate innovative ideas).	
Main conclusions from factors/behaviours/beliefs/aspects relevant for engagement and valuable contribution to innovation	<ul style="list-style-type: none"> • There receptiveness to learn about innovation both individually and institutionally. • The fact that SME managers and owners have responded is encouraging, it creates favourable premises for the incorporation of a mechanism for learning / stimulation / generation / implementation of innovative ideas within the responding companies. The responding companies cover a wide range of areas. • A recommendation that I would make is to follow up with the managers / owners after a time on the lessons learned and on what has happened in terms of the introduction of innovation mechanisms in their companies. • The ideas proposed in the innovation process, especially at the employees' level, must become future projects because otherwise the employees will get demotivated and unproductive to the future initiatives of the managers / owners. • It is important to allocate or identify sources of funding for innovation (e.g. crowdfunding for employees for some of the projects proposed by them), any 	<ul style="list-style-type: none"> • In Romania, entrepreneurial culture is a notion that is not very well understood and applied by many SME managers/owners • In the formation of an entrepreneur, education is a factor of paramount importance. It is a good thing that various initiatives of developing the students' entrepreneurial culture have been introduced recently in school curricula, but even more efforts should be done to develop it. • Experience is also a factor that encourages innovation within SMEs. All innovative SMEs managers/owners should capitalize their previous findings and try to identify a new path to be followed • A good knowledge regards the economic market is another factor of innovation within SMEs • Innovation is an essential concept of entrepreneurial culture • An SME manager/owner should always have certain behaviour characteristics, such as a constant awareness of the fact that reticence to the new does not bring success, but rather may lead to failure

	<p>innovation process involves finance allocations, budgets.</p>	<ul style="list-style-type: none"> • An SME manager/owner should always communicate with his/her employees when it comes to aspects of the activity that could be improved by means of innovative solutions. • An SME manager/owner should always be ready to benefit from the experience of his employees • Participatory management is the right type of managerial behaviour to be adopted by an efficient SME manager/owner • As techniques for finding innovative solutions, brainstorming is perhaps the most efficient and should be used constantly. Gathering the team and asking them to contribute with an idea may eventually lead to the right solution.
<p>Main conclusions regarding the role of the listed areas</p>	<ul style="list-style-type: none"> • Respondents have an open attitude towards innovation (most of the respondents - 48), are open to learn what it means / how to innovate / how to stimulate and incorporate innovation in their own company. • It is important that there is a mindset for it, but this should exist not only at an individual level, but also at an organisational level through mechanisms for identifying sources of innovation. 	<ul style="list-style-type: none"> • Innovation mindset – essential to the SME’s capacity to be innovative. The manager has to be open to new and to always be able to see innovation as a means of expanding their activity. An innovative mindset of a manager puts an imprint on the innovative mindset of the employees and therefore gives a SME more chances to actually become an innovative company. • Emotional intelligence is a skill that has to be taught in schools, also important for

	<ul style="list-style-type: none"> • People need to know the sources of innovation, where they get their ideas, information (specialized publications / congresses / other industries). They should also be familiar with the design of an innovation funnel, how the ideas that are generated and developed in specific innovation projects are then capitalized on. • Clarifying ideas (29 of the respondents answered that this is important) is very important because it goes hand in hand with understanding innovation and aligning it with the business, how their idea will help the business. • Another important element is respondents' receptiveness to learning collaborative behaviours (active listening, constructive reaction to adversity, etc.) and how to apply them within the company. These are very important for innovation. Managers, regardless of their field of activity, must know and apply these behaviours. • Taking responsibility for innovation in the company at leadership level is very important, the message that management sends is that innovation is a priority. • Some case studies should be introduced on how to organize the innovation process within companies. 	<p>an innovative manager. Knowing how to channel emotions in the direction wanted by the manager could bring benefits to the activity overall. For instance, if a manager knows that a certain employee, who has very good ideas on the business and has proved this many times, is very shy and does not want to speak in public, the respective manager should not ask that employee to speak loudly during a meeting with the entire staff. In such a circumstance, the employee may not feel comfortable. Instead, there should be a private discussion that could bring the results wanted.</p> <ul style="list-style-type: none"> • Leadership style: In matters of management, since the manager/owner is the one authorised to represent the SME, perhaps the employee's contribution falls on a second place. But in individual matters that require a change of approach, a solution to a problem etc. the management type should be participatory, i.e. through participation of the employees in the decision-making. • Collaborative behaviours go hand in hand with the type of leadership. Innovation is encouraged by constant communication with and between the employees
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Relevant quotes (if necessary)	I believe that what company managers need to understand is that innovation within the company often does not bring short-term profit, but builds something sustainable in the long run.	<p>“Innovation means survival on the market”.</p> <p>“A good manager knows how to listen to his employees and how to use that for the benefit of the company”.</p> <p>“Biases do not belong to the behaviour of a good manager. If the idea of a simple employee is better than yours, admit this, thank him/her and put it into practice”.</p>