

Entrepreneurship Assessment

Key Findings Presentation

December 2024

REACH

Informing
more effective
humanitarian action





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A light gray world map is centered in the background, overlaid with a complex, low-poly geometric pattern of thin lines. The map shows the continents of North America, South America, Europe, Africa, Asia, and Australia. The text '01' is positioned in the upper center, over the European continent.

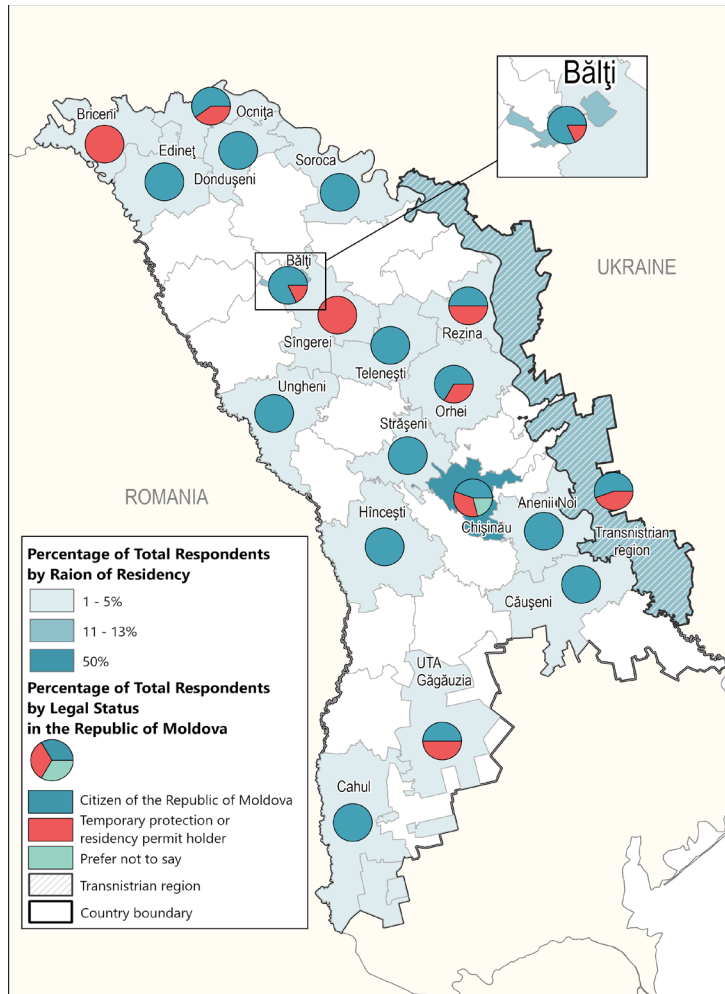
01

Objectives and Methodology

Specific Objectives

- 1** Examine the **profiles of entrepreneurs**, as well as **their motivations for establishing businesses**, and assess to what extent entrepreneurship is an **effective strategy for livelihood consolidation and refugee integration** in Moldova.
- 2** Evaluate the **impact of war and displacement** on the **sustainability and resilience** of enterprises and the nature of **coping mechanisms** leveraged by entrepreneurs.
- 3** Explore the **challenges and obstacles faced by entrepreneurs** in launching and managing their businesses in Moldova, considering cultural, financial, legal, and regulatory obstacles.
- 4** Identify **available opportunities and initiatives** accessible to Moldovan and refugee entrepreneurs, such as financial, legal, and regulatory supports, as well as professional and business-development programs.
- 5** Employ a **gender-sensitive approach** to expose **gender disparities** in the experiences and opportunities of male and female entrepreneurs.
- 6** Identify **recommendations** for enhanced participation in entrepreneurship by the host and refugee communities.

Methodology and Sampling



Map: Raion of Residency and Legal Status of Survey Respondents

This assessment used a **mixed-method approach**, including:

- **an individual-level survey**, self-administered online by entrepreneurs;
- **semi-structured individual interviews** with established Moldovan and refugee entrepreneurs, and aspiring refugee entrepreneurs;
- **key-informant interviews (KIIs)** with subject-matter experts.

A convenience-sampling strategy was used to locate respondents for the online survey. A **purposive-sampling strategy** was used to select participants for interviews.

Limitations: Findings are indicative only due to the given sampling strategy.

Population Coverage and Data Collection



POPULATION OF INTEREST

- ① Established host entrepreneurs
- ② Established refugee entrepreneurs
- ③ Aspiring refugee entrepreneurs
- ④ Aspiring host entrepreneurs



DATA COLLECTION

From 1 July to 10 August 2024



QUANTITATIVE COMPONENT

140 surveys

QUALITATIVE COMPONENT

38 interviews

8 interviews were carried out with each of the three populations of interest (1-3).
14 KIIs were also conducted.

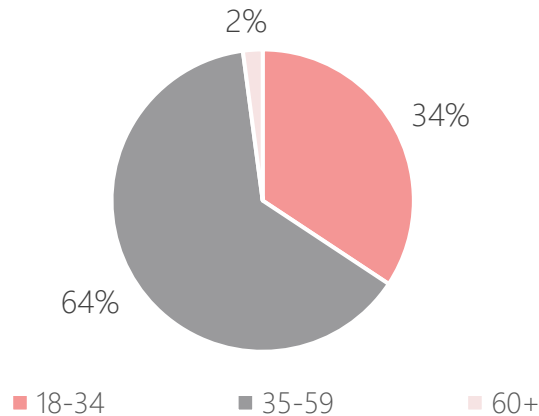
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02

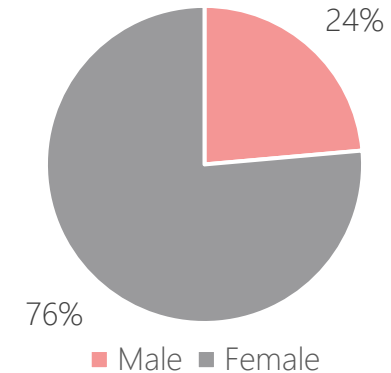
Demographics

Demographics

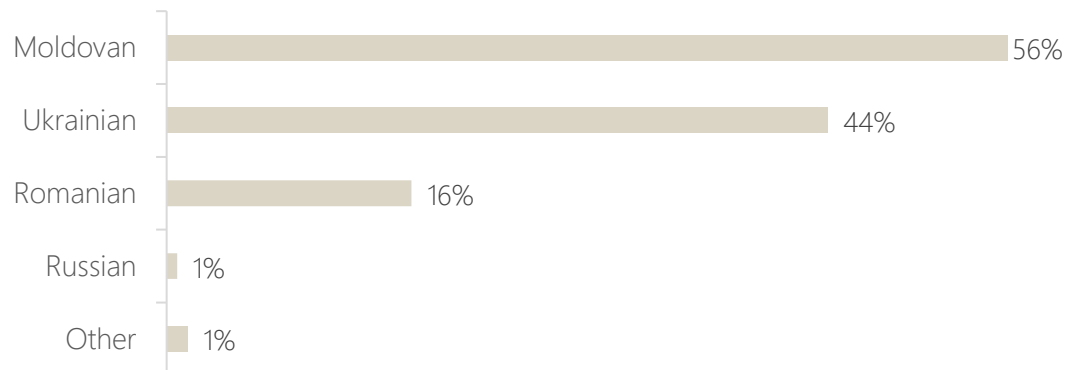
Survey Respondents by Age Range (n=140)



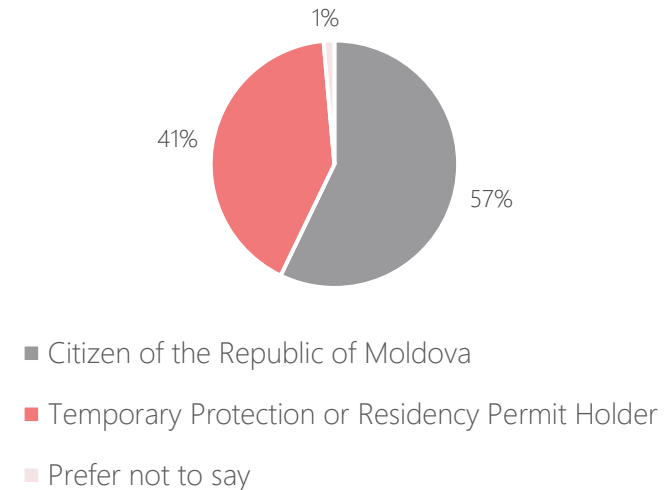
Survey Respondents by Gender (n=140)



Survey Respondents by Nationality (n=140)*



Survey Respondents by Legal Status in the Republic of Moldova (n=140)



*Respondents could select multiple responses.

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03

Main Findings

A light gray world map is centered in the background. Overlaid on the map is a complex, light gray geometric pattern of interconnected lines forming various sized triangles and polygons. The number '01' is printed in a bold, red, sans-serif font, positioned centrally over the map's landmasses.

01

Entrepreneur Profiles

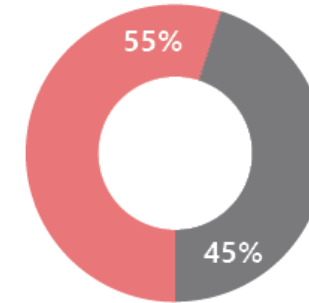
Entrepreneur Profiles

Survey respondents came from a diverse range of professional backgrounds and described being at different stages of their careers in the entrepreneurship sector.

% of Respondents by Professional Background in Top 6 (n=140)

16%	Management
12%	Manufacturing & Production
11%	Education
9%	Medicine
8%	Beauty & Wellness
7%	Retail

% of Respondents by Current Activity in the Entrepreneurship Sector (n=140)



- Yes, I am **currently** running a business
- No, I am **not currently** running a business

% of Aspiring Entrepreneurs by Intentions to Start a Business (n=77)

55%	Yes, I plan to start my own business in the near future
45%	Yes, I want to start my own business in the longer term

Entrepreneur Profiles

Active entrepreneurs were drawn from a broad range of industries and were mainly operating limited-liability companies. Most respondents also described their businesses as micro-enterprises. More than half of business-owners also reported that they employed staff in their enterprises.

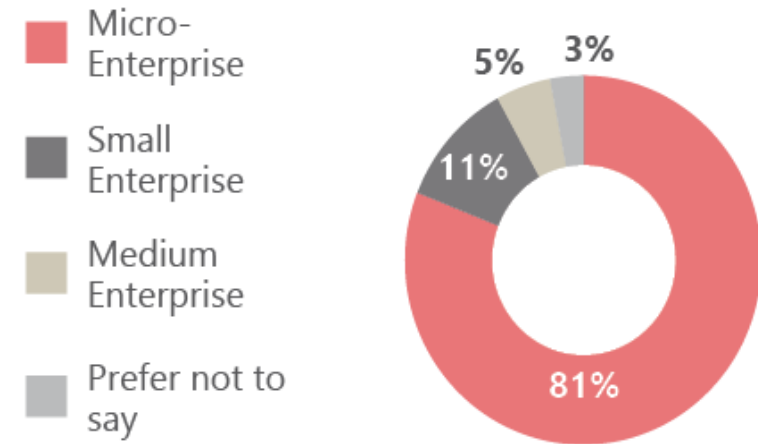
% of Active Entrepreneurs by Sector of Operations Top 3 (n=63)

① Agriculture (22%) ② Beauty (14%) ③ Manufacturing (11%)

% of Active Entrepreneurs by Legal Status of Business (n=63)

64%	Limited Liability
14%	Individual Entrepreneur
8%	Farmer Household / Gospodărie Țărănească
5%	Patenta Holder
3%	Business is informal

% of Active Entrepreneurs by Size of Business (n=63)



% of Active Entrepreneurs by Employment of Workers in Business (n=63)



Entrepreneur Profiles

Respondents were motivated by the pursuit of **financial independence**, and **a desire for personal freedom**. The consequences of displacement greatly shaped the motivations of refugees who sought financial independence in a context of **unsatisfactory and limited employment opportunities**.

Given the motivations outlined above, entrepreneurship was reported as an **effective avenue for integrating Ukrainian refugees into Moldovan society**. All refugee entrepreneurs reported that entrepreneurship had improved their integration outcomes and indeed, encouraged further integration.

Entrepreneurship was widely recognised **as a viable pathway to building a livelihood in Moldova**. Interviewees reflected largely positively on their entrepreneurship journey and the future of their enterprises. Most host entrepreneurs reported that they would be **interested in expanding their businesses** in the future. A few host and some refugee entrepreneurs that they would look to hire new staff in the future. Most refugee entrepreneurs and a few host entrepreneurs stated that they were investing money in their businesses.

% of Respondents by Reasons for Pursuing a Career as an Entrepreneurs (n=140)*

Financial Independence	75%	86%	68%
Personal Freedom	56%	57%	56%
Passsion & Interest	51%	48%	54%
Unsatisfactory Employment Situation	26%	41%	15%
Lack of Alternatives	13%	21%	8%
Desire for Challenge	20%	12%	25%
Family Heritage	6%	5%	6%
Other	2%	2%	2%

Overall Temporary Protection / Residency Permit Holder Citizen of Moldova

*Respondents could select multiple responses.

Entrepreneur Profiles

Interviewees had a **positive image of entrepreneurship in Moldova** though the sector still carried a strong risk profile among interviewees, especially in relation to business financing.

All interviewees noted that business was **a risky endeavour**, with some members of both communities reporting **a fear of failure**. A of failure was attributed to some reports of a lack of experience in the sector. Some KIs reported this same fear of failure, expressing that this **risk aversion** itself posed a challenge when establishing a business.

Finance proved a noteworthy source of concern; a lack of access to financial assistance, **a fear of losing personal investments**, as well as a **risk aversion** to loan taking were noted by some respondents from both host and refugee communities.

Refugee respondents, expressed specific reservations about entrepreneurship which related to their displacement. Many refugees reported that their life plans were unpredictable due to the conflict in Ukraine. Individually, refugee respondents reported that they were worried about the lack of a support network in Moldova, as well as about potential legal compliance issues with businesses. **Some other KIs specified that it was complicated to shut down a formal business if it was to fail** and that there was no short-term return on business investments for entrepreneurs. Besides, it was stated by a few KIs that childcare duties limited one's ability to run a business. This was re-iterated by a few refugee interviewees **who noted a lack of childcare services to support them**.

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02

Challenges

Challenges during Business Launch

Access to finance, the business-registration process, and a lack of entrepreneurial know-how were the most common challenges reported by respondents during the launch of a business in Moldova.

Financing and Financial Institutions

Nearly half of those surveyed (44%) reported difficulties in securing the necessary funds to start or grow their business. The **financial burden of launching a business** was noted by 49% of respondents. 17% of respondents reported difficulties in securing loans though this may also reflect **a reduced interest in pursuing institutional financing**. Most interviewees likewise referenced a lack of access to finance as a challenge when launching a business.

Most refugee interviewees reported **difficulties in their dealings with financial institutions**. Many refugee entrepreneurs stated that they encountered barriers when opening bank accounts, with a few noting this was due to their temporary-protection status. Cases of temporary-protection holders easily opening personal accounts suggest the barriers may be more specific to company accounts. **Documentation in Romanian** constituted another stumbling block with few respondents indicated how documentation and reporting were only available in Romanian.

% of Respondents by Challenges Encountered in the Entrepreneurship Sector (n=140)*

High Startup Costs	49%	62%	40%
Limited Access to Capital or Funding	44%	53%	38%
Lack of Entrepreneurial Experience or Skills	28%	24%	31%
Bureaucratic Barriers	26%	17%	34%
Difficulty in Accessing Markets & Building Customer Base	26%	26%	28%
Insufficient Government Support for Entrepreneurs	22%	22%	23%
Limited Availability of Business Development Programmes	21%	19%	24%
Competition from Established Businesses	19%	16%	21%
Difficulty in Securing Loans or Investment	17%	17%	18%
Lack of Awareness about Support Services	16%	21%	14%
Limited Access to Mentorship	16%	16%	18%
Compliance with Taxation Laws and Regulation	14%	12%	15%
Limited Distribution Channels	12%	9%	15%
Complex Licensing Procedures	11%	12%	11%
Cash Flow Management Issues	11%	3%	16%

Overall Temporary Protection / Residency Permit Holder Citizen of Moldova

*Respondents could select multiple responses.

Challenges during Business Launch

Business-Registration Process:

Most established entrepreneurs noted challenges with the registration of their businesses. A few refugee entrepreneurs specifically detailed how the documentation for formalising a business in Moldova **was time-consuming** and that it was not always possible to register businesses in Chişinău due to a lack of registration slots. This finding was corroborated by a majority of KIs who reported that **support opportunities, infrastructure, as well as potential markets were largely centralised in Chişinău**. Here, precise reference was also made by a few KIs to the fact that the registration process was long and that **public agencies were understaffed**. Yet, many KIs reported that there was no problem to register a business in Moldova

Patenta:

A few aspiring entrepreneurs noted their ineligibility for the **patenta** as a challenge when establishing a business. In this case, some aspiring entrepreneurs expressed resistance to the incorporation of their businesses as limited-liability companies given fears company failure and high taxation. This can be further connected to fear among interviewees of **difficulties closing a company in Moldova**. It is worthwhile to note that some refugees believed themselves to be ineligible for the **patenta** though one refugee respondent still reported that they were working via patent, indicating some confusion over its availability to refugees.

Challenges during Business Administration

Reaching profitability, labour-force shortages, access to finance, and the **administrative burden of business** were all signalled as challenges by survey respondents and interviewees when running businesses in Moldova.

The fight to reach profitability was a noteworthy point that arose; for example, 26% of respondents noted difficulties in accessing markets and building a customer base while another 19% reported competition from established businesses. These points were echoed by most host interviewees who reported growing business sales and high competition in the market as challenges. Specifically, the wait for financial profitability was raised by a few host entrepreneurs as a challenge when managing an established business. A majority of KIs noted that there was high competition in the market, and that given the small size of the Moldova market, it was often difficult for businesses to achieve success.

The profitability of established businesses appeared to be also affected by the costs of business, something which was noted as connected to the administrative burden of business in Moldova. This was reflected in the survey results in which 26% of respondents (n=140) reported upon **bureaucratic barriers** as a challenge. Another 14% reported upon compliance with taxation laws and regulations as a challenge. Furthermore, in interviews, some host, refugee, and aspiring entrepreneurs specified the **administrative burden of business** as a management challenge. In interviews, most host entrepreneurs reported that **regulatory challenges** impacted upon their ability to administer their businesses. Bureaucracy was also identified by most refugee entrepreneurs as something which increased costs. In a more challenging economic context since the escalation of conflict in Ukraine, some host and refugee entrepreneurs also noted the **higher operating costs of business**. Given these costs, it is unsurprising that a lack of access to finance was again mentioned by some host and refugee entrepreneurs.

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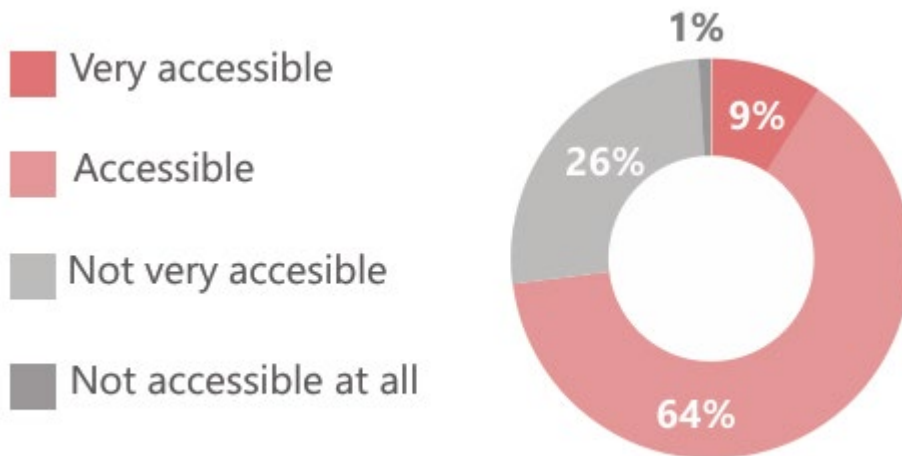
04

Business Support Opportunities

Business Support Opportunities

Among survey respondents, financial assistance, personal-development and professional-development programmes were the most known services available. Many respondents, however, were not aware or did not know about business-support opportunities. Despite high levels of awareness of support opportunities, many respondents noted that opportunities were either **not very accessible** or **not accessible at all**.

% of Respondents by Perception of Accessibility of Support Services (n=98)*



% of Respondents by Awareness of Support Services (n=140)*

Personal Development	46%	50%	44%
Professional Development	50%	57%	45%
Financial Aid	46%	48%	44%
Legal & Regulatory Support	26%	38%	19%
Market-Access Facilitation	14%	17%	13%
No Supports are Available	6%	2%	9%
Other	1%	–	1%
Do not know	21%	16%	25%

Legend:

- Overall
- Temporary Protection / Residency Permit Holder
- Citizen of Moldova

*Respondents could select multiple responses.

Business Support Opportunities

Many established entrepreneurs reported that they had accessed business-support services, and many rated these services as **quite effective**.

% of Active Entrepreneurs by Support Services Accessed (n=63)*

Personal Development	49%	71%	40%
Professional Development	58%	71%	58%
Financial Aid	51%	59%	51%
Legal & Regulatory Support	18%	41%	9%
Market-Access Facilitation	16%	–	11%
Did Not Access Any Supports	18%	6%	22%
Other	2%	–	2%

Overall Temporary Protection / Residency Permit Holder Citizen of Moldova

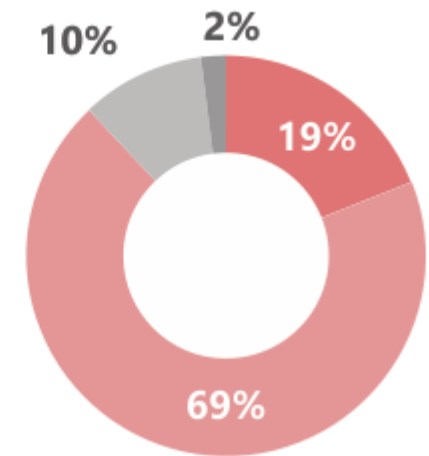
% of Active Entrepreneurs by Perception of Effectivity of Accessed Services (n=63)*

Highly effective

Effective

Ineffective

Not very effective



*Respondents could select multiple responses.

Business Support Opportunities

Financial assistance was the most referenced business-support opportunity by interviewees.

Financial assistance was regarded as **largely accessible** though there was a **widespread perception that conditions on financial assistance curtailed its accessibility** for some business-owners, particularly for start-ups and less-established entrepreneurs.

Financial assistance had **a transformative effect** for entrepreneurs. Most host and refugee entrepreneurs reported that financial assistance had facilitated the **establishment of their businesses**, demonstrating a high level of impact. Otherwise, a few host and refugee entrepreneurs, financial assistance had supported their businesses in specific ways, for example, for the **procurement of equipment** or **start-up materials**.

Despite the positives mentioned, **limitations to the effectivity of financial assistance were reported**. Some interviewees, across all categories, felt that financial assistance was too small, a point affirmed by a majority of KIs who also reported that financial assistance was inadequate. It was further noted by a few host and refugee entrepreneurs that financial assistance was characterised by **restrictions**; it being noted that the financial assistance could only be spent on equipment or certain overheads and could not be used as flexibly as entrepreneurs desired.

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04

Required Supports

Required Supports

Financial assistance was the most demanded form of support sought by interviewees, with some though lesser interest in other support services.

66% of survey respondents were seeking **financial assistance**. Financial support was similarly indicated by most host, refugee, and aspiring entrepreneurs. A few host-community entrepreneurs specifically referenced designated **financial assistance for business start-ups** while a few host-community, refugee-community, and aspiring entrepreneurs indicated a preference for **financial assistance for established businesses**.

Specific reference to financial assistance to **rent premises**, financial assistance to **acquire equipment**, financial assistance for **utilities** was made by a few refugee entrepreneurs and aspiring entrepreneurs. Otherwise, financial support, via **tax relief** or a **tax reduction** in the first year of operation, was reported by a few refugee entrepreneurs.

% of Respondents by Required Support Needs (n=63)*



*Respondents could select multiple responses.

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04

Suggestions for Sectoral Improvements

Suggestions for Sectoral Improvements

Suggestions for improvements to the entrepreneurship sector can be categorized into **recommendations for financing, long-term business supports, as well as legal reforms.**

A majority of KIs stated that it was important to provide further **targeted financing options to business-owners**. Specifically, a few KIs stated that it was necessary to provide financing for start up enterprises, mid-level businesses, and rural-based entrepreneurs, reflecting desires already expressed by entrepreneurs themselves. A few KIs noted also that it would be important to enact **legal changes** to make institutional financing more accessible to entrepreneurs and encourage greater foreign-direct investment in Moldova.

A large majority of KIs reported that it was necessary to ensure **consistent support for businesses immediately post-establishment**. A few KIs reported that NGOs should continue to provide entrepreneurial trainings. A few KIs also specified that trainings should be conducted according to the experience of the participants, that they should provide more technical education, and that they should ensure a better variety of participants.

Thank you for your attention!



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