

LAW, RISK MANAGEMENT AND ENTREPRENEURIAL CULTURE IN THE FRAMEWORK OF PUBLIC POLICIES

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Abstract: *Modern society is undergoing a deep transformation in the relationship between the public and private sectors. In this context, law and public policies define the normative framework for entrepreneurial initiatives, while risk management and entrepreneurial culture provide the adaptive mechanisms necessary for sustainability. Entrepreneurial culture encourages innovation, risk-taking, and opportunity-seeking behavior. However, these cannot thrive without a coherent and predictable legal framework.*

Public policies—formulated at the intersection of administrative, economic, and social law—can either stimulate or hinder the entrepreneurial spirit. Through fiscal regulations, access to funding, administrative digitalization, or startup incentives, the state significantly influences the economic climate. In this sense, law is not merely restrictive but also enabling, when effectively aligned with sustainable economic development goals.

Simultaneously, risk management plays a pivotal role in modern entrepreneurial decision-making. Legal, financial, and reputational risks must be proactively assessed. For instance, awareness of legal risks such as non-compliance with labor law or consumer rights can prevent costly failures. Therefore, an interface between regulation, entrepreneurship, and public policy is essential to building a resilient and ethical economic ecosystem.

Keywords: *Public policy; entrepreneurial culture; risk management; legal framework; sustainable development.*

Introduction

Contemporary society is undergoing complex structural transformations, requiring increased interdependence between the public and private sectors. Recent OECD studies emphasize the role of collaborative governance in stimulating entrepreneurship, particularly through legal and policy mechanisms (OECD, 2022, p. 12). Within this framework, law, entrepreneurial culture, and risk management form a triadic architecture that supports sustainable economic ecosystems.

This article offers a strategic vision on how these three dimensions can be integrated into coherent public policies that foster, not hinder, responsible entrepreneurship.

The relationship between the public sector and private initiative is becoming increasingly complex, requiring new forms of collaboration, regulation, and adaptation. In this evolving landscape, entrepreneurship is no longer an isolated act, but an integral part of public policies, sustainable development strategies, and social innovation.

More and more frequently, public authorities are called upon to create a favorable environment for entrepreneurial development, not only through regulations, but also by means of support tools, education, and incentives. Within this framework, law, entrepreneurial culture, and risk management become interdependent elements, fundamental for the resilience of the economic system

How can a legal and public policy framework be built in such a way as to stimulate entrepreneurship without suffocating it? How can entrepreneurial culture be encouraged responsibly, without ignoring legal, financial, or ethical risks?

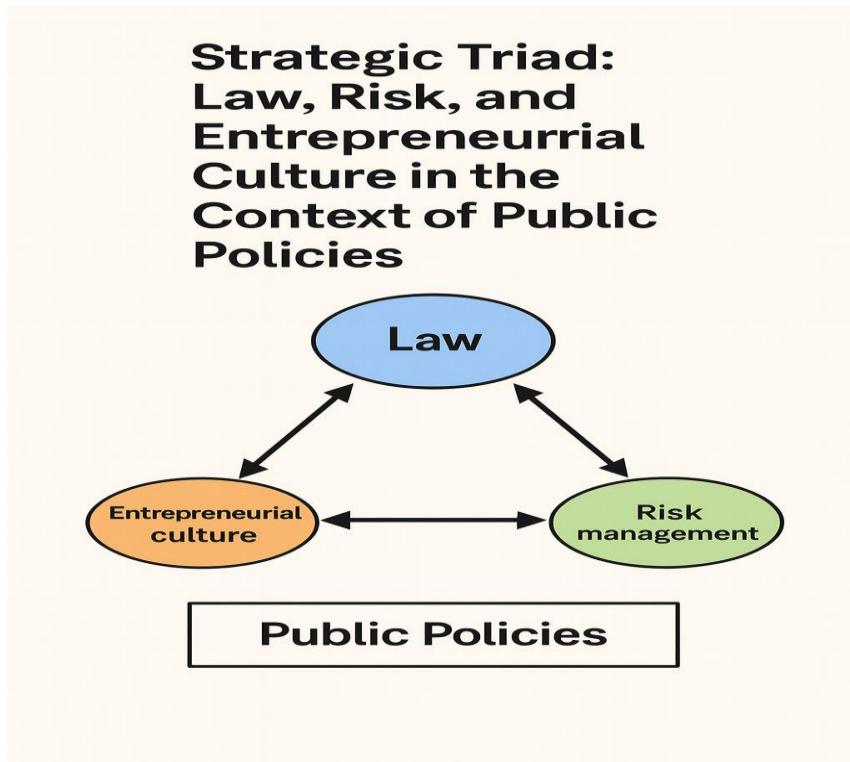
Hypothesis:

✓ The coherent integration of the legal framework, public policies, and a robust risk management mechanism can generate a sustainable and ethical entrepreneurial ecosystem.

The article aims to provide a strategic vision on how:

- law does not only restrict but can also stimulate entrepreneurship;

- entrepreneurial culture can become a resource for systemic innovation;
- and risk management must be an active component in the construction of public policies.



This objective is structured in Figure no. 1

In the collective mindset, law is often perceived as a ‘hindering mechanism’: rigid rules, sanctions, bureaucracy, fines. However, this perception is superficial and counterproductive. In reality, law represents the invisible infrastructure that makes private initiative possible in a safe, fair, and predictable way (North, 1990, p. 3).

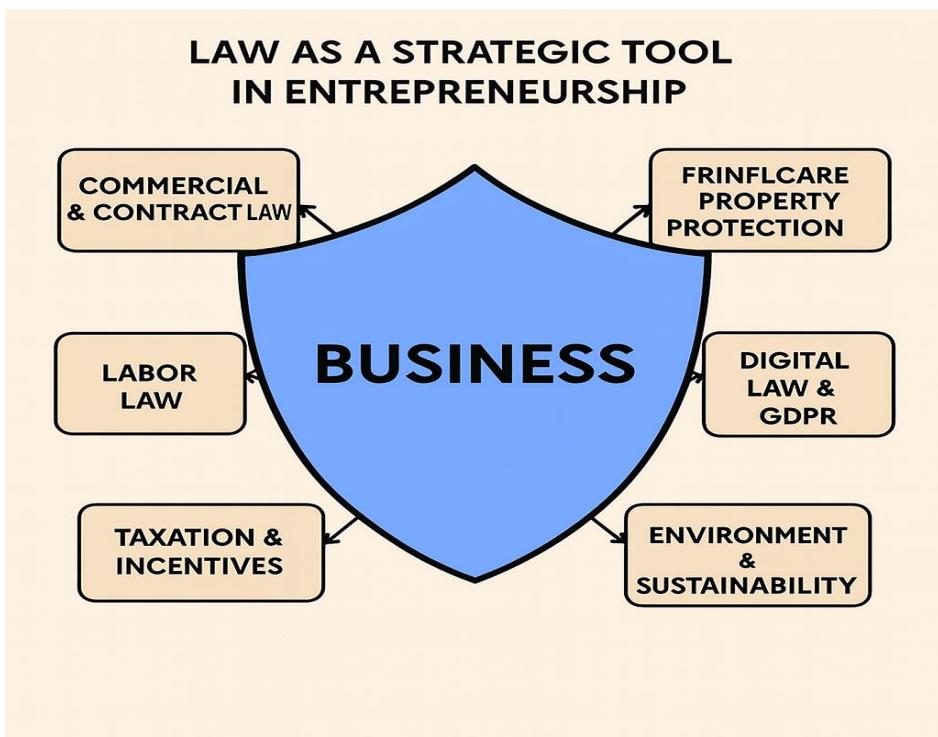
Without law, entrepreneurship would function like a jungle in which the most aggressive prevails, not the most innovative or ethical (Acemoglu & Robinson, 2012, p. 74).

Law acts as a platform of trust in business relations, protecting investments and establishing clear rules of the game (Williamson, 2000, p. 598).

Legal Domain	Strategic Role for Entrepreneurs
Commercial & Contract Law	Ensures transaction and investment security through clear contracts
Labor Law	Provides legal protection and stability in employee relations
Taxation and Incentives	Creates levers for attracting capital and encouraging investments
Intellectual Property Protection	Encourages innovation, protects patents, trademarks, and know-how
Digital Law and GDPR	Ensures the legality of data processing and customer trust (Voigt & von dem Bussche, 2021, p. 45)
Environment and Sustainability	Provides a clear framework for green businesses, ESG, and circularity

A tech startup from Romania aims to create an AI platform that analyzes medical data.

- ✓ Without clear regulation: risk of violating GDPR, loss of public trust, potential lawsuits.
- ✓ With clear regulation and legal consultancy: compliance with EU standards, attraction of investors, scalability in international markets (European Commission, 2023, p. 10).
- Conclusion: Law was not an obstacle but became a shield, a guide, and a strategic resource.



From Bureaucracy to Entrepreneurial Governance

Traditionally, public policies were viewed as an expression of the state's will, often difficult to understand, inflexible, and bureaucratic

Today, however, they can be transformed into strategic mechanisms for stimulating entrepreneurship, if built on foundations of:

1. legislative coherence,
2. result-oriented output
3. openness to public-private partnerships,
4. adaptability in the face of change

Simple definition:: Entrepreneurial public policies are sets of measures adopted by the state to encourage private economic initiative, under conditions of transparency, fairness, and sustainability.

Modern public policies are no longer limited to traditional areas such as education or health, but are increasingly involved in shaping the

business environment. The European Union and its member states have acknowledged the active role of the state as the architect of entrepreneurial infrastructure (European Commission, 2022, p. 5)

Key Areas of Public Intervention

Here are the five major areas in which public policies decisively influence the entrepreneurial ecosystem

Domain	Example of Public Policy	Impact on Entrepreneurship
Fiscal Regulation	Reduces entry barriers, stimulates innovation (IMF, 2021, p. 34)	
Administrative Digitalization	Lowers compliance costs and bureaucratic time (World Bank, 2023, p. 22)	
Startup and Incubation Programs	Provides access to capital, know-how, and networks (Nesta, 2020, p. 19)	
Educational and Cultural Policies	Creates a proactive mindset, supports entrepreneurial culture (OECD, 2020, p. 9)	
Taxation and Incentives	Tax exemptions for startups, reduced VAT for green activities	
Access to Finance	Non-reimbursable funds, state guarantees, business incubators	
Administrative Digitalization	Online platforms for company registration, government cloud	
Education and Training	Entrepreneurship programs in schools and universities	

Domain	Example of Public Policy	Impact on Entrepreneurship
Sustainability and Inclusion	Programs for women entrepreneurs, social businesses, green innovation	<ul style="list-style-type: none"> ▪ Estonia – Estonia, in contrast, offers e-Residency, funding for tech startups, and a consolidated digital culture (E-Estonia, 2022). ▪ Germany – strong programs for SMEs (“Mittelstand”), with partnerships with universities. ▪ Singapore – a hybrid public-private ecosystem for innovation and emerging technologies. ▪ Romania has a fluctuating fiscal environment and only partial administrative digitalization. <p>Romania can learn from, adapt, and scale such models.</p>

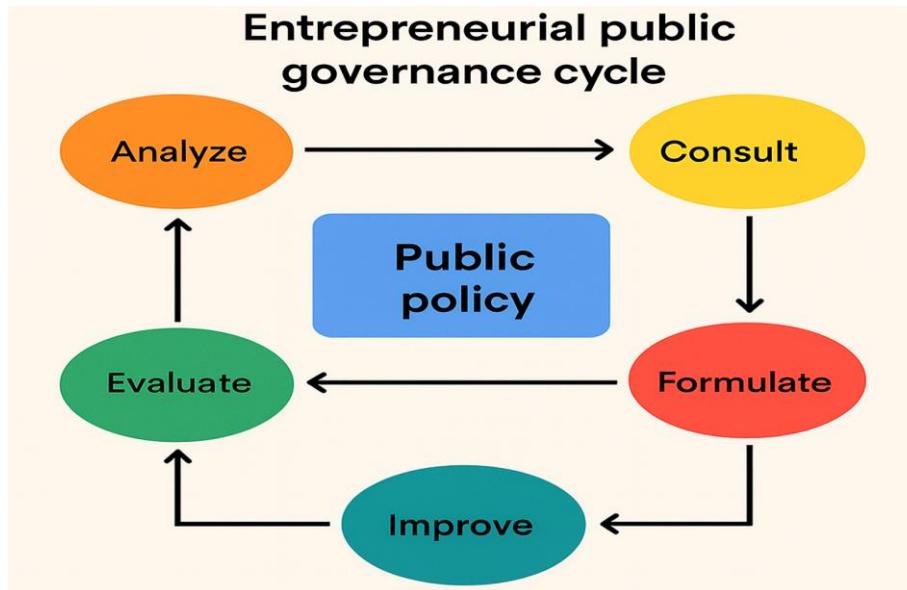
Analytical Model: Public Policy ≠ Isolated Measure

We now create a simple and clear visual model called:

◆ *The Cycle of Entrepreneurial Public Governance*

- Analyzed
- Consulted
- Formulated
- Implemented
- Evaluated
- Improved (continuous cycle)

The following scheme illustrates how a well-designed public policy should function



The circular entrepreneurial public policy is a modern governance model, oriented towards innovation and sustainable economic development, which involves a continuous cycle of analysis, consultation, formulation, implementation, evaluation, and improvement, with the active participation of public, private, and civic actors.

The model promotes:

- institutional adaptability,
- cohesion between regulation and practice,
- dialogue between the state and the entrepreneurial environment,
- and systemic resilience in the face of socio-economic risks

Stages of the Model

1. Analysis (*Strategic analysis and diagnosis*)

This stage involves collecting relevant data about the real needs of the business environment and the existing legislative, economic, or social barriers.

What it involves:

- SWOT, PESTEL analyses, benchmarking with other countries
- Statistical data (NIS, Eurostat, OECD)
- Identification of vulnerable categories (e.g., young entrepreneurs, women, rural SMEs)

Example: Observing that 68% of startups in Romania close within the first 3 years → causes: taxation, lack of mentoring, difficult access to financing.”

2. Consultation (with public and private actors)

The state must NOT create policies in a vacuum. There is a need for:

- Meetings with representatives of the business environment, chambers of commerce, economic NGOs
- Questionnaires, online public consultations, policy hackathons
- Mixed working groups (ministries – startups – universities)

This is the voice of the entrepreneurial ecosystem.

3. Formulation (actual drafting of the policy)

Based on data and feedback, experts draft the public policy document, including:

- SMART objectives
- Performance indicators
- Budgeting and sources of financing
- Institutional responsibilities
- Implementation timeline

This is the architecture of the strategic intervention.

4. Implementation (application in the field)

The practical phase of execution includes:

- Funding guidelines
- Online application portals
- Training of civil servants

- Information campaigns

Frequent risk: a ‘paper policy’ with no impact in practice → avoided through detailed action plans and inter-institutional collaboration.

5. Evaluation (monitoring and impact analysis)

After launch, results are measured:

- How many entrepreneurs have benefited?
- Have the obstacles identified in phase 1 been reduced?
- What are the social, economic, and territorial effects?

The following are used:

- Quantitative indicators
- Case studies
- Feedback from beneficiaries.

6. Improvement (revised and adapted version)

Public policy is updated based on results and newly emerging contexts (crises, opportunities, feedback):

- It returns to the analysis phase → and the cycle continues.

This circularity provides responsiveness, durability, and a genuine closeness to the needs of entrepreneurs.

The result? A partner state, not just a regulator. An entrepreneurial ecosystem that does not merely survive, but flourishes.

Entrepreneurial culture represents a set of values, norms, and behaviors that encourage initiative, risk-taking, creativity, and solution-oriented thinking (GEM, 2021, p. 6). It is often influenced by the educational context, role models in society, and openness to failure as part of the learning process (Shane, 2003, p. 98).

It is not an individual talent but a social energy that is shaped in schools, families, companies, and NGOs, and is either supported or hindered by public policies.

According to the AmCham study (2023), Romania faces significant gaps between entrepreneurial potential and the actual implementation of initiatives. Only 12% of young Romanians feel encouraged by the

educational system to pursue an entrepreneurial career, compared to 35% in Poland or 45% in the Netherlands.

Key Components of Entrepreneurial Culture

Component	Meaning / How it manifests
Initiative	Action-oriented thinking, not passivity
Innovation	Finding new solutions to old problems
Risk-taking	Accepting uncertainty as part of the game
Clear communication	Transparent relations with the team, partners, and the public
Goal orientation	Setting and pursuing a clear objective
Ethical responsibility	Decisions that consider social and environmental impact

Recommendations for Stimulating Entrepreneurial Culture

- Integrating entrepreneurial education into primary and secondary school cycles (Ministry of Education, 2022)
- Promoting local success stories in the media
- Creating spaces for entrepreneurial experimentation (labs, incubators, bootcamps)
- Encouraging intergenerational mentoring among entrepreneurs
- Entrepreneurial culture does NOT emerge spontaneously

It requires:

- Entrepreneurial education – starting from middle school
- Authentic success stories – entrepreneurs who inspire, not just those who got rich
- Entrepreneurial communities – coworking, networking, accelerators
- Media that promotes innovation, not scandal
- Public policies that support a growth mindset

Example of Systemic Impact

A university in Cluj creates an innovation hub with 10 student startups. After 2 years:

- ✓ 3 startups become registered companies
- ✓ 2 receive EU innovation grants
- ✓ 1 expands internationally

Impact: the area becomes attractive to investors + a mindset shift among young people.

Visual Model: The DNA of Entrepreneurial Culture

We now generate a clear infographic that presents entrepreneurial culture as a DNA structure composed of six essential behavioral genes.

Entrepreneurial Culture



Risk = the possibility of an unforeseen event occurring that may negatively affect a business's objectives.

Entrepreneurial risk means uncertainty regarding outcomes: it may involve financial loss, reputational damage, litigation, or operational failure. Peter Drucker emphasized that "taking calculated risks is the essence of entrepreneurship" (Drucker, 1985, p. 27).

In entrepreneurship, risk is not an exception but a natural and permanent component.

Type of Risk	Concrete Example	Management Solution
Legal	Non-compliance with GDPR / labor legislation	Legal audit, external consultancy

Type of Risk	Concrete Example	Management Solution
Financial	Lack of cash flow / lost investments	Realistic budgeting, financial reserves
Operational	Supply chain blockages	Backup plans, alternative suppliers
Technological	Cyberattack, software failure	Backup, IT security, ISO 27001
Reputational	Viral negative review, image crisis	Crisis communication, transparency
Strategic / Environmental	New ecological regulations	ESG, adaptation to the green economy

Basic Principles of Risk Management

Identification – determine what risks exist

Assessment – measure them according to probability & impact

Treatment / Response – prevent, reduce, transfer, or accept them

Monitoring – track whether risks evolve

Learning – adapt strategy after each incident

Simple Algorithm for Risk Management

Step 1: Identify possible risks (brainstorming, interviews, studies)

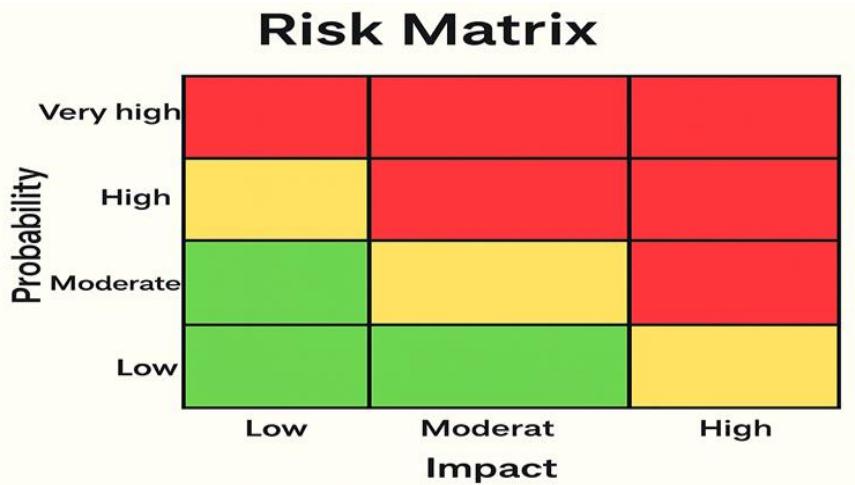
Step 2: Assess them on two axes: Probability (P) and Impact (I)

Step 3: Prioritize them (P x I) → risk matrix

Step 4: Choose a strategy: avoid, reduce, transfer, accept

Step 5: Constantly monitor and learn from what emerges

Risk Matrix



Analytical Model: R.A.T.E.

A recent European model proposed by EASME (2022) suggests a 4-step approach:

- ✓ Recognition – identifying relevant risks
- ✓ Analysis – assessing impact and probability
- ✓ Treatment – preventive and corrective measures
- ✓ Evaluation – continuous monitoring of evolution

Entrepreneurs should not avoid risk but rather understand it, control it, and transform it into opportunity. A mature risk culture brings resilience and confidence in strategic decision-making.

Premise: From Analysis to System

We have explored four essential pillars of modern governance in entrepreneurship:

Law – the framework of protection and stability

Public Policy – the strategic direction and applicable instruments

Entrepreneurial Culture – the human and social fuel

Risk Management – the adaptive and defensive compass

We now integrate them into a single circular conceptual model, called

Dimension	Main Function	Key Strategic Question
Law	Regulates and protects	What is allowed, what is forbidden, what is encouraged?
Public Policy	Orchestrates and stimulates	What instruments does the state create to support private initiative?
Entrepreneurial Culture	Activates positive behaviors	Who are the actors that innovate, and how do they think?

Risk Management Anticipates and corrects How do we avoid collapse and transform crisis into progress?

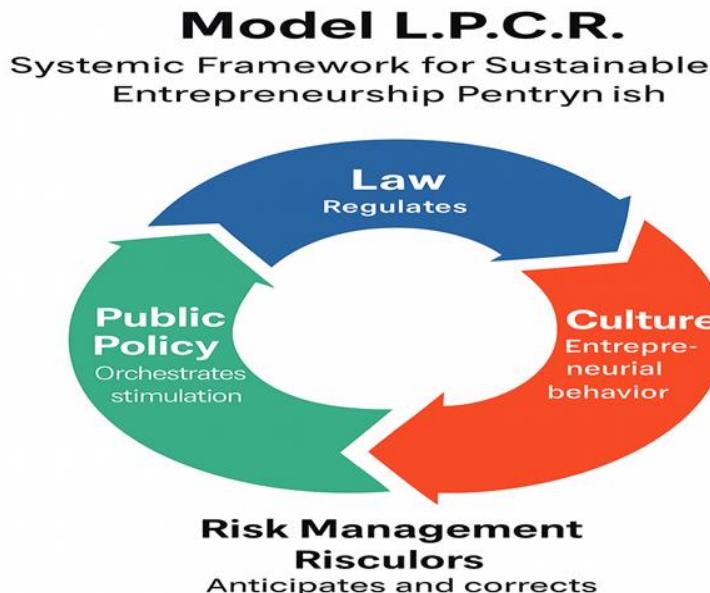
The L.P.C.R. Model – The Systemic Framework for Sustainable Entrepreneurship

Key Links Between Dimensions

Link	Concrete Example
Law → Public Policy	Law establishes the framework for grants and funds
Public Policy → Culture	Educational programs shape entrepreneurial mindsets
Culture → Risk	A strong culture accepts and manages failure
Risk → Law	Lessons from crises lead to better regulations

Logical Formula of the Model (symbolic version)

$$\begin{aligned} \text{Sustainable Entrepreneurship} &= f(\text{Law}, \text{ Public Policies}, \\ &\text{Entrepreneurial Culture}, \text{Risk}) \\ \hookrightarrow S.E. &= f(L + P + C + R) \end{aligned}$$



It is an open, circular, dynamic, and self-regulating system.

General Conclusions

- ✓ Law can no longer be treated as a brake, but as a mechanism for stabilizing and encouraging economic initiative.
- ✓ Public policies must be conceived as adaptable instruments, result-oriented, and developed in collaboration with the private sector.
- ✓ Entrepreneurial culture is a long-term investment: not a course, but an ecosystem of values, models, and motivations.
- ✓ Risk management transforms uncertainty into opportunity, and failure into a strategic lesson.
- ✓ The L.P.C.R. model proposes a circular, dynamic, and coherent governance framework, capable of supporting ethical, resilient, and sustainable entrepreneurship.

Innovative Public Policy Proposals

1. StartupCheck – instant legislative verification platform for business ideas

What does it do? Entrepreneurs input their business idea → they automatically receive:

- ✓ applicable legal requirements,
- ✓ necessary documents,
- ✓ potential legal risks,
- ✓ available funding options.

❖ Objective: reduce bottlenecks in the initiation phase and prevent bureaucratic failures.

2. EduPrenor Package – modular national curriculum for entrepreneurial culture development (Grade 5 – university level)

Content:

- ✓ Growth mindset
- ✓ Critical thinking and acceptance of failure

- ✓ Development of social / economic projects
- ✓ Ethical and sustainable entrepreneurship
- ✖ Objective: shaping entrepreneurs with values and vision, not just business ideas.

3. **RisCoLab** – local laboratories for business risk testing and simulation

They function as mini-innovation centers where:

- ✓ SMEs can analyze their vulnerabilities in real time,
- ✓ students participate in crisis simulations,
- ✓ resilience scenarios are generated.
- ✓ Objective: normalizing “risk thinking” as an intelligent strategy.

4. **ThinkForward HUB** – public-private hub for co-created public policies

Legislative co-design mechanism between:

- ✖ entrepreneurs
- ✖ public officials
- ✖ ethics and sustainability specialists
- ✖ NGOs and think-tanks
- ✓ Objective: eliminating the gap between decision and reality → policies created by those who actually use them.

5. **L.P.C.R. Certification** – voluntary standard for businesses that follow the Law – Policy – Culture – Risk model

Benefits:

- ✓ Strengthened public image
- ✓ Priority access to grants
- ✓ Increased investor confidence
- ✓ Objective: formal recognition of best practices in responsible entrepreneurship.

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