

Study of the characteristics and competences of entrepreneurs in the context of the Romanian business environment

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Abstract

The business environment can offer entrepreneurs an adequate or restrictive framework through the existence or, on the contrary, the absence of legal, economic, social and politic facilities. In this sense, its analysis becomes a continuous necessity and, in the same time, a premise for the viability of the company. Starting from these grounds, this paper is aimed at the investigation of the relation between the entrepreneurial system and the business environment through selective research regarding the motivational aspects and the economic premises for the initiation and operation of companies in the Romanian business environment. Performed on a sample of 276 entrepreneurs, the questionnaire, the main objectives of the research have been to estimate the influence of the main characteristics of the business environment on the company start-up and to identify the characteristics of entrepreneurs in order to define a profile of the entrepreneur. Due to the defining importance of entrepreneurial education, the research paid great attention to the identification and assessment of the skills the investigated entrepreneurs had. The originality of this paper consists in the identification of the entrepreneurs' characteristics and skills tightly correlated with the idiosyncrasies of the Romanian business environment.

Since the importance and intensity of the attention paid to entrepreneurship have gained new values as a consequence of the changes in the business environment caused by the global economic and financial recession, the conclusions of this research lay at the basis of drawing up recommendations concerning the promotion of entrepreneurship within the ever-changing business environment.

Keywords: business environment, motivational variables, business start-up, entrepreneurial skills, entrepreneurial education

JEL Classification: L26, M13, P46

Introduction

In order for an entrepreneur to evaluate the odds for success within the business environment the most research an ensemble of aspects regarding the necessary managerial motivations and skills, his own degree of training and experience, the financing sources for the business, the knowledge of the legislation in the field and the perspectives of the company. Therefore, an accurate understanding of the entrepreneurial system requires

knowing the economic premises and, closely correlated with them, the entrepreneurs' characteristics and skills in order for them to be constantly able to adapt to the requirements and dynamics of the business environment (Worthington and Britton, 2000; Shane, 2003).

Business start-ups rely on a vast array of factors, which have been the subject of researches performed by numerous specialists in different fields: sociology, psychology, economy etc. Primarily, the process of transforming a person into an entrepreneur is influenced by four categories of variables: situational, which can, in their turn, be positive and negative factors, sociological, psychological and economic (Vișean and Săseanu, 2004; Birley, 2013). Nonetheless, the existence of motivation constitutes the mere starting point in the complex process of organising and performing the activity within the entrepreneurial system, since the start-up and development of the enterprise take place within the economic and social environment subjected to the laws as well as to the interaction between its components.

Based on these reasons, the object of this research is to determine the entrepreneurial characteristics and skills in the context of the Romanian business environment. Identify them (Drucker, 1985; Hartog et al., 2010) has been performed in order to define the profile of the entrepreneurs investigated, a useful effort for an accurate understanding of the particularities of the entrepreneurial system as well as of the way the entrepreneurs integrate and adjust to the business environment.

1. Review of the scientific literature

Unlike other fields of research, the study of entrepreneurship represents an area of interest both for theorists and practitioners, interest manifested in the elaboration of numerous specialty papers, marketing researches and statistical syntheses, but also articles written by people insufficiently trained in this field, but who were aware of the complexity and importance of the entrepreneurial system. The scientific literature on entrepreneurship predominantly encompasses papers regarding conceptual aspects, typologies, statistical methods and quantitative research (Shane and Venkataraman, 2000; Zahra and Dess, 2001). Presently there is an increase in the researchers' interest in qualitative analyses of entrepreneurship (Chandler and Lyon, 2001; Davidsson, 2004). At the same time, there is a distinguishable focus of current research on the way in which the environment characteristics influence the process of starting-up a business as well as the opportunities (Worthington and Britton, 2000; Zahra, 2007).

In the specialty literature there is a wide variety of definitions regarding entrepreneurs and, concurrently, numerous opinions regarding the entrepreneurial system (Shane, 2003; Bjørnskov and Foss, 2008; Hisrich et al., 2009). What is, though, unanimously accepted is the entrepreneur's importance and role in the economic development process and, implicitly, in the business environment. In accordance with the theme of this research, the author defines the entrepreneur as being a creator of value in the business environment with a determining role in the quality and viability of the activity performed.

With respect to the profile of the entrepreneur, a multitude of characteristics are outlined, and this opinion is justifiably present in the approaches of numerous specialties in the field (Bowles et al., 2001; Farrell, 2001; Gartner et al., 2006; Congregado et al., 2014). Despite this diversity of personal characteristics, the analysis of the scientific literature and practical experiences of entrepreneurs require, in order for them to adapt and survive in the business environment, the existence of defining characteristics, such as: total dedication, respectively total commitment and a lot of hard work, taking professional risks, creativity,

innovative capacity, initiative, perseverance, ambition, self-confidence, flexibility, capacity to adapt to change, ability to analyse past actions, results-oriented (Shane, 2003; Hisrich et al., 2009; Ahmetoglu et al., 2011).

2. Research methodology

This research aimed to establish entrepreneurs' perception with regard to their skills and the influence of education on the entrepreneurial system in Romania. The objectives and hypotheses of the research are detailed in table number 1.

In accordance with the designed methodological framework, this paper is structured in two parts. The first part of this research is aimed at emphasizing and quantifying the business environment characteristics that can influence the decision of starting-up the business.

The last part of the research generates the entrepreneur's profile definition based on the respondents' opinions regarding the level of education, management skills and the need to acquire additional skills in other fields. Concurrently, the research has evaluated them motivational, educational aspects and entrepreneur's defining characteristics. The information thusly acquired was processed and now lays at the basis of comparisons between theoretical models and the real situation of the entrepreneurial system in Romania.

Table no.1: The objectives and hypotheses of the research

	Objective	Hypothesis
1	To determine the degree of influence that the business environment characteristics have on the decision of starting-up the company.	The particular features of the business environment exert mostly negative influence over the process of starting up a business.
2	To establish the correlation between the entrepreneurs' level of education and the professional training acquired in school/university for the company start-up and development.	There is a significant correlation between the entrepreneurs' level of education and the professional training acquired in school/university for the company start-up and development.
3	To evaluate the entrepreneurial skills.	The level of entrepreneurs' management skills is considered to be adequate.
4	To identify the main motivations for business start-up.	The main motivations for business start-up are cumulatively generated by economic, sociologic and psychological variables.
5	To determine the role of education in acquiring the quality of entrepreneur.	Education has an important role in the business start-up and development process.

The information was collected from the owners-managers of the companies included in the sample, who are shareholders or partners and are in the position to know the motivational aspects, the economic-social context and the main characteristics of the business environment right from the company start-up.

Since the research objectives are aimed at defining a rough profile of the entrepreneur in Romania and at the assessment of the influence the business environment characteristics have on the start-up and operation processes of companies, it also especially intends to depict qualitative aspects as well; in this sense, the following methods were used for the gathering of the statistical information:

a) A direct selective research performed in the entrepreneurial system on the basis of the survey. The information was collected in written form, by using a questionnaire administered face-to-face with the help of the interviewers.

b) The field research was accompanied by office research performed for the purpose of analysing the results of the practical study tightly correlation with the entrepreneurial trends and the particularities of the business environment.

The tool used to take over the information was the questionnaire and the form of communication with the bearer of information was the written, structured survey.

The study of the issues mentioned above was aimed at the entrepreneurs in Bucharest and Dambovita, Ilfov and Prahova counties. According to the data provided by the National Institute of Statistics, in the four territorial units, as per NACE Rev. 2., there were 137,956 active enterprises.

The field research was performed in the period between November 2014 and January 2015 on a sample of 276 entrepreneurs from the four counties. The sample volume was calculated as per the following relation:

$$n = \frac{t^2 \times \sigma^2}{\Delta^2 \bar{x}} \text{ where } t \text{ is the value of } 1.686 \text{ for } p=0.80 \quad (1)$$

The analysis and interpretation of the data obtained meant, in the first stage, to systemise the information, then to process the results with excel spreadsheet tables. In this respect, strongly correlated with the objectives established, different scalar methods were used (semantic differential, Likert scale) and correlations were made through the chi-squared test applied between the answers to certain questions and the explicative information obtained from the answers to other categories of questions.

3. Results and Discussions

In order to study the influence factors of the business environment on setting up a business, we have used the seven level semantic differential, requiring the respondents to indicate on the scale the level corresponding to the degree of influence played by defining traits of the business environment.

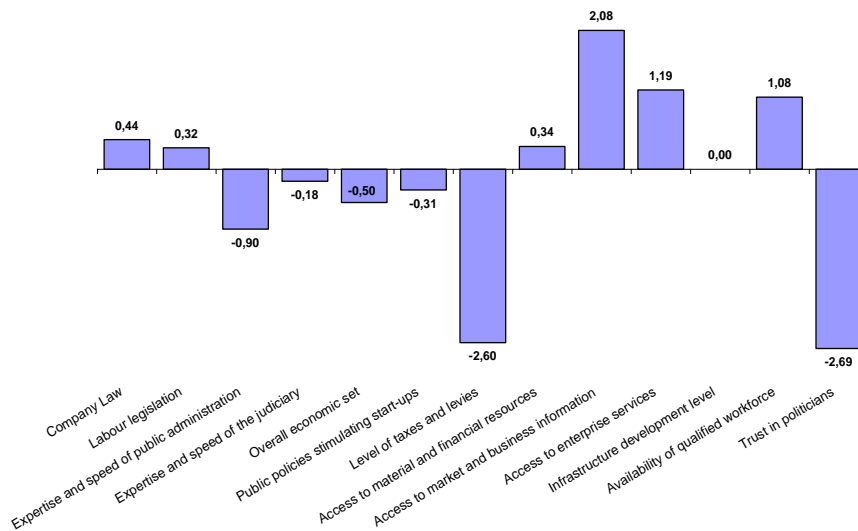
The analysis of the extent to which the idiosyncrasies of the business environment influence the decision to start-up a business (figure 1) reflects the fact that a strong negative influence is generated by mistrust in the politicians (with a score of -2.69 on a scale from -3 to 3) and by the level of taxes and duties (with a score of -2.60).

According to the scores achieved, entrepreneurs believe that the characteristics having a considerable positive impact on the decision to set up a business are accessibility to market and business information and access to enterprise services.

Following the analysis of the obtained results, the first hypothesis is validated: the particular features of the business environment exert mostly negative influence over the process of starting up a business. This is mainly a consequence of the challenges entrepreneurs face in adapting to an ever-changing business environment.

We also noted that none of the business sphere variables analyzed is deemed to have a strongly positive influence, which mostly reflects the fact that the business area impact on entrepreneurship should be seen as an accumulation of interconnected and interdependent factors, operating in synergy.

Figure nr. 1. Assessments entrepreneurs on business characteristics



2. After having centralized the information (table no.2) on the education level one can notice that 58% of the surveyed entrepreneurs are university graduates.

Asked to specify if the professional training acquired in school/college helped them start and deploy their business, 60% answered in the affirmative. In order to examine this aspect, a correlation has been established between the use they made of the professional training acquired in school/college in starting up and deploying their business and their level of education.

Table no.2: The level of training and its utility in business development

	YES	NO	TOTAL
Primary	0,00%	0,00%	0,00%
Gymnasium	0,00%	0,36%	0,36%
Post- secondary	0,00%	0,72%	0,72%
High School	7,25%	13,77%	21,01%
Secondary School	2,90%	2,17%	5,07%
University	39,86%	18,48%	58,33%
Graduate	10,87%	3,62%	14,49%
TOTAL	60,87%	39,13%	100,00%

The results set forth in the table reveal a significant connection between the education level and the professional training acquired in school/college, as the calculated chi-square (27.38) is higher than the tabled chi-square (7,81). The second hypothesis of the research is thus validated. Confirmation of this link may be explained due to the existence of a highly competitive business environment, wherein professional training has a definitive influence on business decisions and business viability.

3. As regards the entrepreneurs' take on their managerial skills, the respondents have been asked to give their views with respect to the following categories: (a) Finance - capital insurance, provisioning, budgeting, (b) Human relations – training, managerial

techniques development, (c) Generating new ideas/Product and process innovation, (d) Planning and organising – business strategy, organisation structure, policies. The information gathered has been processed by way of the semantic differential, scoring from 1 to 5 on the five levels of the scale. Following result centralization (figure no.2) one may notice that the average evaluations per category reach values close to the average of all evaluations (3.05).

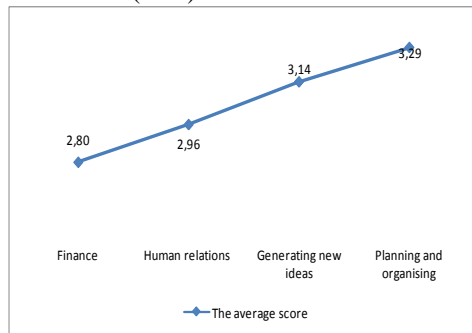


Figure no.2: Entrepreneurs' assessment of their managerial skills

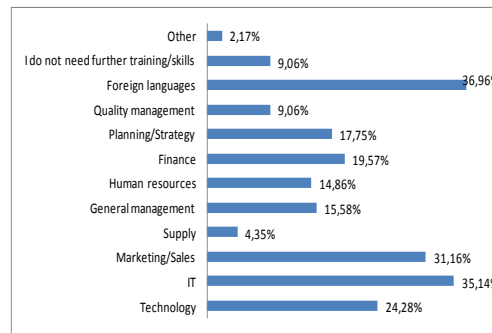


Figure no. 3: Areas where the entrepreneurs consider they need further training/skills

The main areas where the sampled entrepreneurs saw themselves as needing complementary training /skills (graph) were foreign languages, IT, marketing-sales.

The third hypothesis is thus validated. The respondents' positive comments in relation to their managerial skills are a reflection of the entrepreneurs' willingness to learn and apply new information related to all management positions within their businesses. Their interest in other areas of strategic importance to a competitive business environment is strongly related to the aforementioned argument.

4. The evaluation by the respondents of the level of importance assigned to the various reasons pushing them to set up a business took into account their opinion on nine variables: situational, motivational, sociological, psychological and economical. We notice that the most important motivational variables according to the entrepreneurs in the survey are identifying opportunities and financial success, as well as self-fulfilment and personal satisfaction (figure no.4).

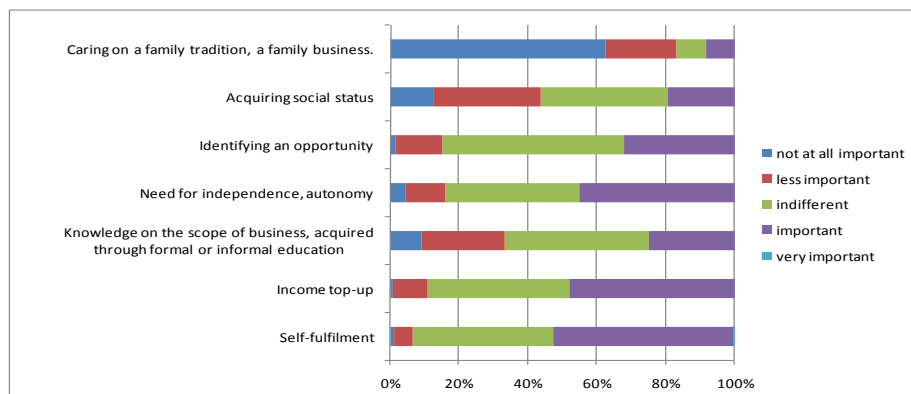


Figure no. 4 : Evaluation of the level of importance attached by entrepreneurs to the various reasons having pushed them to set up a business

In accordance with the information obtained, the fourth hypothesis is validated. The results of the research thus confirm that the process of starting up a business is a complex one, under the influence of socio-economic variables.

5. The questions included in the questionnaire with respect to education were aimed at gathering data on the degree to which the respondents agree to specific aspects regarding the role of education and the way education helped them understand the entrepreneur's role in society. Table no. 3 comprises statements on the role of education that have been agreed or disagreed on by the entrepreneurs. The data has been processed with a Likert scale. It shows that the role of education is perceived as relatively favourable, with a statement score averaging at 0.7. The best appreciation (with an average score of 0.83) given by respondents on the role of education has been recorded for the following statement "Knowledge acquired either formally or informally got me interested in becoming an entrepreneur".

Table no.3: Entrepreneurs' opinion on the role of education

	I entirely disagree	I rather disagree	I rather agree	I entirely agree
Knowledge acquired either formally or informally got me interested in becoming an entrepreneur	19	47	101	104
helped me understand the entrepreneur's role in society	26	62	92	91
Education helped me develop my initiative spirit	20	50	99	102
Education helped me understand how the business environment works	28	60	84	99

The basis for the validation of the fifth hypothesis is the analysis of the respondents' comments with regard to the role of education. The positive appreciation of the impact of education on understanding the role of entrepreneurs in society is a reflection of the interdependency between business options and acquiring the necessary skills.

Conclusions

According to the validated hypotheses of the research, one can notice the fact that respondent entrepreneurs positively appreciate the influence exerted by education in the initiation of entrepreneurial processes. Concurrently, over 35% of the participants in the survey mentioned the need for enhancing the knowledge in computer science and foreign languages, fields that are indispensable in the contemporary entrepreneurial system.

The impact assessment of the business sphere traits on the process of starting up a business revealed the fact that the opinions of the entrepreneurs from the sample do not converge to a favourable overview. There are therefore a series of measures which can be inferred in order to support entrepreneurs, especially from a financial and legal point of view. Providing aid to certain fields of activity (through loans, subventions, tax exemptions/cuts), offering financial advice, ensuring a higher stability of legislation and less room for interpretation of the existing laws, reducing the conflicting potential of regulations currently into force, are all but a few recommendations in this sense.

The research limitations were found in the absence of a detailed overview of the social and demographic variables necessary for profiling the Romanian entrepreneur. This

aspect, as well as designing a competitive system for the assimilation of entrepreneurial skills that are specific to the Romanian business environment, represent the coordinates for future studies.

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