

ENTREPRENEURS' CHARACTERISTICS – PROFILE OF THE ROMANIAN ENTREPRENEUR

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A*bstract: Entrepreneurial orientation is becoming one of the objectives of the future development strategy for the European Union. This alternative is very important for young people especially considering the high unemployment rates of the present situation for majority of the countries. We have to consider also the population that has no alternative and sees entrepreneurship as a possibility of assuring their incomes and also as an opportunity to support the community to which they belong. In this article we try to present general characteristics of the entrepreneurs that are acting in Romania, their motivations and a general overview upon the entrepreneurs' weight in the occupied population considered on economy's sectors. In the second part of the article we try to present three models of entrepreneurs in different areas of activity and with different approach to the entrepreneurship characteristics.*

Keywords: entrepreneurship, motivation, social and demographic characteristics.

JEL Classification: D01, D03

1. Introduction

An economy's growing capacity and successful competing depends of the existence of an optimum number of companies. This optimum can be reached only by encouraging and stimulating the start-ups and the efficiently administrating the businesses dynamics. Researches demonstrate the existence

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of a positive relation between the evolution of the entrepreneurial activity and the economic growth. An economic growth based on innovation and excellence needs a high number of start-ups that will generate more and better working places. The countries with high rates of the entrepreneurial activity record low rates of unemployment. Furthermore, social systems are confronting nowadays with the tendency of reducing the number of employed persons. The European Union needs a sustained economic growth for its recovery; it needs more new companies, more entrepreneurs which will contribute to innovation development for small and medium enterprises.

Entrepreneurship will contribute also to the increase in the social inclusion those regions that are less developed, by using and introducing the unemployed and persons with disabilities into the labour system. Moreover, it can contribute to the development of women's entrepreneurship potential which is an important resource but is, however, insufficiently exploited. The increase in the dynamics and the internationalization of the Romanian entrepreneurial base is the way in which economy can be developed in order to have a proper interface to the requests and opportunities offered by the single market. Romania has to invest in the development of the sector of small and medium enterprises and to promote the entrepreneurial culture for creating the needed framework for new businesses.

Romania's economic growth has to be based on economic activities with increased added value. This is why it needs to change the economic model based on the export of raw materials or primary processed materials by an economic model that will ensure a superior level of processing, able to generate added value. In order to develop this sector it is necessary to develop entrepreneurial abilities.

Romania has to develop a new generation of entrepreneurs with abilities such as responsibility, spontaneity, adaptability, initiative and managerial spirit, which will allow them to identify and to implement adequate strategies for entering and maintaining on the market. We can find preoccupation for promoting and sustaining entrepreneurship development in the majority of strategic documents at European level, starting with the Lisbon Strategy and continuing with the Partnership for Economic Growth and Employment or in the Action Plan for Entrepreneurship. The main ideas promoted at European level for supporting entrepreneurship refer to: (1) inoculation especially of the young generations with the idea that entrepreneurship should be considered as an alternative carrier; (2) according to statistics at European level there are many persons that are hesitating in valorizing their good business ideas and so a big part of this potential remains unused; (3) entrepreneurship represents the key for a higher

living style for many and better working places. Entrepreneurship should not be regarded as a simple way of making money. It should be considered the essence of the process in helping the community of the entrepreneur, starting from putting his/her own ideas into practice, determining the desired living style accomplished through the responsibility towards him/her and the others.

According to the Romanian National Plan for Development for the 2007 – 2012 Period one of our country economy's objective is to develop a dynamic entrepreneurial base by stimulating dynamics, and internationalization of the entrepreneurial base. This represents the key element for developing a prosperous economy and for dealing with the challenges and opportunities of a global market. As a development strategy, it is desired to encourage big companies at national level to optimize their operations and costs and, in this manner, to take the opportunities of development on the internal, regional or global markets. However, special attention has to be given to the small and medium enterprise sector that represents the key element for an innovative and prosperous economy able to generate value added. According to the strategic vision for developing the Romanian economy, this sector is the core of the economic growth, having the capacity of sustaining the economy. The efforts that the economy is making are also tackling the competing capacity on the international markets as well as the internal demand.

2. Research Methodology

Considering the analysis of the entrepreneurial activity among the social and demographic characteristics of the Romanian entrepreneurs, their motivations and the impact of the economic crisis upon the entrepreneurial activity, we will use the data bases obtained in the research program Global Entrepreneurship Monitor (GEM). We are referring to the Survey of the Adult Population in Romania between 2007 and 2010, as well as the information from National Institute of Statistics referring to the professional status of the employed population on the activities of the national economy sectors between 2007 and 2010.

Considering the research program Global Entrepreneurship Monitor (GEM) we have to mention that it is a research program started in 1997 by the researchers in the entrepreneurship area from the London Business School and the Babson College. The first result of the research was published in 1999 and included 10 countries. The number of participant countries increased to 42 in 2007, 43 in 2008 and 54 in 2009. According to the national team of the Global Entrepreneurship Monitor for Romania represented by Faculty of Economic Studies and Business Administration from the "Babeş-Bolyai" University of Cluj-

Napoca, coordinated by the Professor Dumitru Mătiș, the main purpose of the GEM program is to study the complex relation between entrepreneurship and economic growth. It will measure the level of entrepreneurial activity in the international comparative context in order to discover the main influence factors, elaborate and implement adequate policies for efficient entrepreneurship. GEM, as a research program, is focused on influence factors of the economic growth and on entrepreneurship, starting from the widely accepted phenomenon that entrepreneurship is one of the major forces which influence the economy. Using the data gathered in the research program Global Entrepreneurship Monitor, mainly the adult population surveys for Romania between 2007 – 2010, we analyze and determine the main social and demographic characteristics of the Romanian entrepreneurs.

3. Social and Demographic Characteristics of the Romanian Entrepreneurs

According to the adult population surveys for Romania between of 2007 – 2010, the entrepreneurs aged between 25 and 54 years are the most numerous, 70% of the total number of entrepreneurs and 30.50% are between 25 and 34 years of age. GEM Reports for Europe mentioned that in Eastern Europe the average of young entrepreneurs is bigger than in other geographic areas. Probably, the entrepreneurial spirit of the young generations in these countries can be explained by differences in the social and economic system in which they grew.

Analyzing the data in the table below (Table 1) we can say that the typical Romanian entrepreneur is male, aged between 24 and 34 years which usually is the main income source of the household (over 33%), with post-high school diploma in 2007 and high school diploma in 2008 – 2010 period.

Table 1 - Social and Demographic Characteristics of the Romanian Entrepreneurs Between 2007-2010 (%)

		2007	2008	2009	2010
Age	18-24 years old	24.2	22.0	26.4	29.0
	25-34 years old	30.5	36.1	31.1	31.2
	35-44 years old	21.2	21.4	22.0	15.2
	45-54 years old	18.3	15.5	17.5	19.9
	55-64 years old	5.8	5.0	3.1	4.8
Gender	Male	18.55	15.55	11.4	13.6
	Female	8.83	7.86	7.44	6.7

		2007	2008	2009	2010
Household Income	Under 33%	6.3	15.9	17.4	22.2
	33%	36.6	24.2	18.0	22.0
	Over 33%	57.1	59.8	64.6	55.9
Education	Professional Schools	2.7	26.8	3.3	18.3
	High Schools	4.2	34.3	50.8	49.3
	Post High Schools	52.1	14.2	38.1	27.5
	License	41.1	24.7	7.8	4.8

Source: Global Entrepreneurship Monitor (GEM), Adult Population Surveys in Romania in the 2007-2010 period.

The typical Romanian entrepreneur is starting its business or had it started in the last 3 years; in the year 2009 it is the male population aged between 18 and 44 years, with post- high school diploma and a license. In 2010 the age category was between 25 and 34 years where this category recorded the highest percentage for young entrepreneurs in the countries of Eastern Europe and in the efficient economies. The Romanian “young” entrepreneur who that started its business in the last 3 years is male and is the main income source of his/her household, and has a license diploma.

Table 2 - Social and Demographic Characteristics of the Romanian “Young” Entrepreneurs in 2007-2010 (%)

		2007	2008	2009	2010
Age	18-24 years old	1.09	2.16	6.60	4.11
	25-34 years old	7.54	7.10	6.74	7.24
	35-44 years old	4.07	4.42	6.15	4.24
	45-54 years old	3.69	3.33	4.39	2.84
	55-64 years old	1.60	1.15	0.34	1.64
Gender	Male	4.95	5.89	6.91	5.13
	Female	3.09	2.10	3.17	3.19
Household Income	Under 33%	0.88	0.80	0.64	0.58
	33%	1.18	1.23	0.98	1.47
	Over 33%	3.88	4.14	3.34	3.55
Education	Professional Schools	0.00	3.35	0.98	3.28
	High Schools	1.06	3.04	4.26	3.21
	Post High Schools	3.10	2.05	9.23	6.45
	License	8.15	6.98	8.80	12.94

Source: Global Entrepreneurship Monitor (GEM), Adult Population Surveys in Romania in the 2007-2010 period.

Romanian entrepreneurs who are developing their activity manage it and have employees for a period over 3 years are usually between 55 and 64 years old, for 2010, which is surprising because in 2009 the category with the highest percentage was that between 45 and 54 years. For the studied period entrepreneurs from this category were earning over 33% of the household incomes and in 2010 the educational level increased for the ones with post - high school diploma and license diploma.

Table 3 - Social and Demographic Characteristics for the Romanian Entrepreneurs in 2007-2010 (%)

		2007	2008	2009	2010
Age	18-24 years old	0.00	1.12	1.32	0.67
	25-34 years old	1.74	1.17	3.45	1.73
	35-44 years old	5.54	3.34	3.59	2.16
	45-54 years old	1.87	2.12	4.85	2.65
	55-64 years old	2.85	2.57	3.19	3.29
Gender	Male	3.34	2.94	3.40	2.08
	Female	1.70	1.22	3.36	2.08
Household Income	Under 33%	0.28	0.48	0.67	0.09
	33%	0.63	1.19	0.35	0.58
	Over 33%	2.25	1.27	2.00	1.69
Education	Professional Schools	1.18	1.54	1.39	0.89
	High Schools	0.00	2.12	2.72	1.13
	Post High Schools	2.07	3.16	6.07	5.26
	License	4.57	1.74	4.77	5.38

Source: Global Entrepreneurship Monitor (GEM), Adult Population Surveys in Romania in the 2007-2010 period

4. Romanian Entrepreneurs' Motivations

The independence desire of the individuals along with the need for raising the income obtained through wages is revealed by data gathered in the research program Global Entrepreneurship Monitor and the Adult Population Surveys in Romania during 2007-2010. A third category was identified of entrepreneurs, who based their decision on the lack of alternatives, exactly the same as the ones that wanted to maintain regular incomes. These motivations can be classified into two major groups, one based on the opportunity increase, and the other one based on the independence that entrepreneurial activity is offering and the possibility of maintaining incomes. Orientation towards entrepreneurship

based on the absence of another alternative for incomes is becoming preponderant in the emerging countries in comparison with the developed countries where entrepreneurs based their decision on the desire for independence and higher incomes. If we are analyzing the data for the Romanian economy we can observe that in 2010 67.30% based their decision on the opportunity and only 31.10% based their decision on necessity.

Table 4 - Motivations for Romanian “Young” Entrepreneurs during 2007-2010 (%)

	2007	2008	2009	2010
Opportunity based raison	66.7	53.2	55.0	67.3
Necessity based raison	13.8	34.3	34.1	31.1
Other raison	19.5	12.5	11.0	1.6

Source: Global Entrepreneurship Monitor (GEM), Adult Population Surveys in Romania in the 2007-2010 period.

If it is considered the opportunity raison as the fundament of the individuals' decision in starting their own economic activity, we will observe that, for Romania, the main raison was the assurance of an alternative to achieve higher incomes for the entire period analyzed, according to the following table.

Table 5 - Opportunity Based Raison of the Romanian “Young” Entrepreneurs during 2007-2010 (%)

	2007	2008	2009	2010
Independence	48.17	34.78	42.59	22.00
Higher incomes	51.73	53.31	52.46	75.40
Maintaining incomes	0.10	11.91	4.95	2.60

Source: Global Entrepreneurship Monitor (GEM), Adult Population Surveys in Romania in the 2007-2010 period.

This increase can be related to the occupational status of the population for analyzing the entrepreneurs' weight, represented by managers and experts in a specific area, compared to the total employed population and reveal the main national economic activities that proved to be attractive and were developed by entrepreneurial initiative.

The result provided by the statistical data shows that the individuals who prefer to work as employees are making this choice because it is assuring their security

compared to a business start-up, which is risky and needs a fundamental decision. This choice is also doubled by lower risks to employees, where this status assures a fixed and regular income. Along with this increase we also have to consider the objective reality and conditions offered by the economic environment, such as: lack of knowledge within the enterprise regarding the start-up or of being a free expert in a field; economic conditions that are not favoring start-up and are not stimulating young entrepreneurs, problems related to social security, lack of professional knowledge, etc.

According to the study on the Evolution of the Influence Factors for the Entrepreneurial Activity in Early Stages in Romania, which we consider representative for the Romanian economy, the motivation of entrepreneurs is related: first to assuring a better material situation and higher incomes, to assuring personal independence, to offering opportunities for personal development and personal accomplishments and in a small measure to the need for a working place according to personal expectations and professional competences. For the experts who prefer to work on their own, we find approximately the same tendencies, but we have to mention that in this case the need for independence is predominant, which is understandable since they do not have obligations to the employers or employees.

The main sectors recording the highest percentage by entrepreneurs are: trade, processing industry, constructions, transport and storage and hotels and restaurants. The entrepreneurial activity is the most intense in trade, so in 2007 41.62% of the managers recorded at national level worked in this sector, and in 2008 and 2009 the percentage maintained with small differences, but 2010 it recorded a significant diminution to 34.36%. In the processing industry the percentage maintained over the level recorded at the beginning of the study period, 18.16% in 2007 and 19.79% in 2010, pointing out the level of 27.12% recorded in 2009 but that could not be maintained later. We can observe a special evolution in the construction area during 2007-2009, when there was a gradual decrease from 15.17% to 12.96%, and for 2010 it recorded only 6.87%, which shows the crisis impact upon this sector, also related to the sector of real estate transactions, when out of 3.63% of the managers involved in this activity in 2007 only 0.27% succeeded in maintaining on the market in 2010. In the area of transportation and storage, the number of managers decreased from 6.86% in 2008 to approximately one half, i.e. 3.51% in 2010. In the sector of hotels and restaurants the highest average was recorded in 2007, 9.05%, and the lowest one in 2009, 1.36%, followed by a recovery in 2010 when 6.94% was recorded. Less attractive are sectors like agriculture, hunting and forestry, health and social security, education,

as they are also the sectors where there is no economic interest in developing such activities, because not generate high profits and they do require investments and risks that cannot be controlled by a manager in sectors such as agriculture or forestry, or areas that demand a special kind of entrepreneurs, mainly the social entrepreneur for an area like social security, health and education. A special evolution was recorded for financial transactions where during 2007 to 2009 the average was low, with less than 1%, but in 2010 it was 16.22%.

Studies conducted at regional level revealed some arguments regarding the entrepreneurial tendency, such as: time management according to personal interest (although the reality is that the entrepreneur has more free time than the employee, which is just an illusion that still exists), the lack of control and monitoring by an advisor, the benefits guaranteed by independence, carrier opportunities, self-development opportunities, all being integrated into the capacity of decision upon the work and, last but not least, upon himself/herself. Still there are disadvantages of the entrepreneur status represented by responsibility regarding the company, the entrepreneur's family and also employees' living, conditions, which are doubled by flexible working time, but accomplished by stress, pressing situations and the lack of security.

As an alternative to the entrepreneur status, individuals who prefer the employee status motivate their choice through fixed schedule and the lack of decision making processes, i.e. more tranquility and security. Still, they are aware of the disadvantages of the employee status regarding small incomes, obligations (more hours of work, sometimes unpaid) and abuses on employees.

5. Generations of Entrepreneurs in the Alba County

5.1. Nova Group Company

This group of companies is an example of entrepreneurship evolution in an area where there was no classic alternative of being an employee. Vasile and Maria Moldovan of Cugir, a town with industrial tradition in the Central part of Romania, established in 1994 Romanian Nova Group of Companies as a family business. The main activity of the company is related to precision mechanics and gear wheels. The complexity of the products and services of the company increased in the last years, due to the special attention given to the development in their field of activity. So, presently the Nova Company has a modern producing facility equipped with modern technology and processing centers, where they activate as dedicated experts who observe ISO 9001 standards.

Own resources of the company include an office and production workshops with a total surface of 3,000 square meters; equipment for heat treatment and browning; 134 employees; 4 engineers in the research-development department; equipment with numerical control and processing centers; ISO 9001 implemented and certified by the International Company TUV Rheinland.

The company's vision belongs to Moldovan family, mainly Vasile Moldovan who says that: *"Our concern for continuous improvement was determined by the higher requests that are coming from our clients; so, we have started by producing components, then parts of assembly and finally the entire assembly, all based upon the clients' specification. In the last three years our strategic objectives involved developing our own resources implemented under the name of Nova. Therefore, we have allocated financial, human and time resources in the research activities subsequently to developing products. As a consequence of our efforts, the Nova Company is producing presently aggregated parts for CNC "lathe" and "vive" for CNC milling. Dedicated to evolution in the future we want to develop our business with Nova hanging systems production."*

The Moldovan children were involved in the company's management, being the new entrepreneur generation of company. They were supported by their parents and encouraged in developing new partnerships, especially in research and development because the company's experience so far is a valuable asset that has to be valorized.

5.2. The Transavia Company

Transavia is a Romanian company set up according to the national legislation as a shareholding company with Romanian capital. Ioan Popa is the main shareholder, a zoo-technical engineer with experience in the company's activity of over 20 years. The company's office is in Romania, near Alba Iulia in a small village, Oiejdea. The main activity of the company is growing chicken and the second activity is processing and sales of products made of chicken meat, producing food and biological materials for chicken, as well as the transport activity for their own needs.

Since 2001 company has been working in a closed technological circle, acquiring its biological material from its own resources, producing eggs for reproduction, which will one day grow into chicken and meat chicken. Company is also exploiting hybrid for meat with a high potential with a small cycle of growing that contributed to the increase in the productive capacity of the farms.

Transavia also possesses an analysis laboratory for the components that are used for chicken food, a veterinary laboratory for controlling the health of the chickens, the growing conditions and also for the meat analysis. The production technology is implemented according the rules, and the environment and hygiene requirements imposed by the Romanian legislation. In 2002 the company built the mixed fodder plant in Sântimbru with German technology and computer integrated cycle of production even with the possibility of producing pelleted feed. The capacity of the production line is 20 tons per hour, i.e. 150,000 tons per year. In the next years there were more ranches developed and in 2004 there was a Transavia slaughter house opened by ample investment.

In 2007, Transavia took over Avicola Braşov, and so Transavia became the leader in the poultry market in Romania. The production locations of Avicola Braşov were also included in the process of modernization and re-technology that is now completed.

Transavia Today...

Transavia is now the most important producer of chicken meat in Romania, supplying over 50,000 tons of chicken meat in own farms from many regions in Transylvania. All products are obtained according to international standards under veterinary and environment control. The production of the mixed feed plant is over 350 tons per day, automated, with no contact with the exterior environment; feed is sterilized in a unique installation in Romania according to own recipes from the laboratory. The chicken growing process respects the European standards and is accomplished in an isolation from the external environment. With a yearly production of over 30 tons of eggs, the farms are monitored continuously by the veterinary laboratory. For certified security of the chickens the company possesses its own laboratory for the meat analysis. The processing meat plant of Transavia is the most efficient in Central Europe, having innovative technological equipment.

5.3. The Jidvei Company

When Liviu Necşulescu bought the Jidvei winery, he did not realize the prospects of his future business and its growing potential. At that time the winery had only 600 hectares of vine and a small apple orchard. At this very moment the Jidvei Company holds 2,400 hectares of vine and 300 hectares of orchard. Born in 1930 in Brăila, Liviu Necşulescu has a life experience in agriculture, being,

among others, the person in charge of the rising crop during the communist period. Once Liviu Necşulescu bought the Jidvei winery he started to buy entire hills from peasants and planted them with vine. He was determined to reaffirm the Jidvei Dry Wine and to compete with the other wineries in Romania, such as Murfatlar, Cotnari or Recaş. Today, Jidvei Dry Wine is the sold wine in Romania.

Although Liviu Necşulescu left the company to his son, Claudiu Necşulescu, he is still present in the everyday management of the company, in the vine, in the plant or in the Jidvei farm, because he wants to verify that work is going well and as it should be. He tells his business principle to everyone who has time to stay and speak with him: *“Money is gained step by step. I do not want to get rich over night, I could have been so far a billionaire if I wanted, but I want to gain reasonable amount and I want to provide bread to the people of this land.”* Liviu Necşulescu's principle is not just a matter of saying, because on his ranch he funded a bakery and a small cow farm that are supplying the winery workers during the harvest gathering. He is not selling them but he is giving for free one bread, 2 liters of milk, 2 liters of wine and 1 kilogram of apples to each person of the 1,600 winery workers. In the rest of the year, the 500 permanent workers are receiving one bread and one liter of milk a day. Moreover, every marriage and baptism party, as well the funerals are sponsored by the Jidvei Company with wine, bread and sponge cake.

6. Conclusion

The entrepreneurial alternative in Romania has to be considered in relation to employment alternatives for the active population. Moreover, considering the present economic conditions, we think that an entrepreneurial alternative has to be presented especially to the young people. Entrepreneurial education is becoming in this way a reality of the Romanian educational system. This is an important step in assuring a proper education in this field.

The Romanian entrepreneur is male, aged between 24 and 34 years, who usually is the main income source in the household. The main reason for entrepreneurs was the assurance of an alternative to achieve higher incomes. The main activities recording the highest percentage of entrepreneurial interest are: trade, manufacturing, constructions, transport and storage, hotels and restaurants. Less attractive are the areas of agriculture, hunting and forestry, health and social care and education, which need investments and risks. A special attention has to be given to the relation between technology and entrepreneurship. Romania is one of the countries in which new technologies are

not widely spread, as there are many barriers, especially financial, to introducing new technologies and using modern equipment from the market. Still, technology is a factor that offers opportunities for major transformations of the civilization towards a modern and efficient economy. Romania will be, in the next 20 years, a fertile field for high-tech entrepreneurship and could become an innovation center in Europe and in the world.

The three models of entrepreneurs presented in the last part of the article reveals the evolution of entrepreneurship. Small and medium businesses are usually run by family and their management involve, generally, the young. We have to point out the positive attitude of the young entrepreneurs in introducing new technologies and modern equipment to increase the efficiency of their companies. The new generation of entrepreneurs is orientated towards introducing and implementing quality management systems, observing security and health rules in companies and performing management methods.

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