

# Romanian Entrepreneur Profile and Behavior

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## *Abstract*

*Due to major contribution of the entrepreneurs to the economic and social development, the knowledge of their main characteristics has a special significance. The paper presents the results of a research conducted in April and May 2013 and offers an exhaustive approach on the characteristics and behaviour of the Romanian entrepreneur, a lot of aspects being analyzed which are not present in other researches.*

*According to this research, the Romanian entrepreneur's profile is the following: a mature individual, holding an economical background, of male sex, married, with children, with an average of 12,81 years as an entrepreneur, with high education.*

**Keywords:** *entrepreneur, profile, behavior, research, structure*

**JEL classification:** L26, M13.

## 1. The entrepreneurial context

The entrepreneurs represent the engine of any market economy, being the main creators of economic substance and promoters of change. Due to their major contribution to the economic and social development, the knowledge of **the main characteristics of the entrepreneurs from our country** has a special significance.

The vast majority of the bibliographical sources that deal with entrepreneurship refer to the characteristics of the entrepreneurs, what differentiates them from the rest of the people and from the managers, which are the particularities of the successful entrepreneurs.

In the Romanian specialized literature there are series of studies on the Romanian entrepreneurs, which try to create their profile and identify their typical behaviour. These studies are presented below.

A. Even if it was published in 1980, it is worth to mention the paper “**The leader in the process of the modern leadership**” (Nicolescu, O., Russu C., 1980) (RO: „Conducătorul în procesul conducerii moderne”), in which professors Ovidiu Nicolescu and Corneliu Russu present the results of a vast research whose objective was “the discovery of the characteristics of the managers in the Romanian enterprises, of the way they exercise the process of leadership, of the

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methods and techniques used”. The aspects analyzed were: the age, the age of service, the positions occupied, the way that the person was employed at the date of the investigation (through a contest, without a contest), the main elements which should characterize the manager in order to be efficient (technical competencies, economical competencies, good knowledge in the field of leadership, high political and ideological level, the capacity to propose and assign tasks which are at the same time mobilizing and realistic, innovation spirit, the capacity to work in a team, the capacity of continuous self-improvement, the ability to collaborate with people, consistency in reaching the objectives, good physical health, spirit of socialist ethics and equity, the capacity of taking efficient decisions, stateliness), the elements which characterize the direct chiefs of the interviewed managers, the age of service necessary for being employed on a management position, the elements that motivate the activity of the managers, the use of the working hours, the average duration of the working day of the interviewed managers, the measure in which the managers consider that they have enough time for their work, the measure in which the managers appreciate the utility of the secretariat, the level of training of the secretarial personnel, the courses taken by the managers, the degree of use by the managers of the knowledge and techniques acquired during the courses, the sources of information used in the management activity.

The methodology used by the professors Ovidiu Nicolescu and Corneliu Russu for the characterization of the managers can be updated, in order to allow the creation of a profile and behaviour of the Romanian entrepreneur.

**B. The National Institute of Statistics** elaborates the publication “**New enterprises and the profile of the entrepreneurs**”, which presents information structured on development regions and classes of size, regarding the number of newly created enterprises, the rate of survival of the new enterprises, the fields of interest for the entrepreneurs, the difficulties in the activity of the enterprises, the profile of the entrepreneurs: the structure on age, gender, educational level, professions. According to the study published in 2013, the entrepreneur is not older than 40, he is a male, high school or university graduate.

**The limits of the study of the National Institute of Statistics:**

- It offers less information about the characteristics of the entrepreneurs
- The survey is dealing only with the newly established firms, so the results cannot be attributed to all the entrepreneurs.

**C.** Every year, the scientists at the Babson College and London Business School publish the **Report regarding the Global Entrepreneurship Monitor – GEM**. This report is based on the results of a survey conducted in 45 countries on a sample of at least 2000 people in each country. The purpose of the survey is to highlight the intentions of these people to initiate businesses of their own and their perceptions regarding entrepreneurship, the opportunities of the business environment, the abilities and knowledge necessary to establish a firm etc.

According to the Country Report – Entrepreneurship in Romania – 2011 edition (Petru, P., et. alt., 2012,) – the Romanian potential entrepreneurs’ profile indicates that the highest share of potential entrepreneurs is young, male with

secondary degree, situated in the upper 33% regarding household income. The distribution of potential entrepreneurs by age categories didn't show significant changes in the analyzed period. 58.8% of the potential entrepreneurs are male in 2011. The highest share of potential entrepreneurs by household income can be found among those who are situated in the upper 33%, even though their share decreased from 57.1% in 2007 to 49.9% in 2011.

Considering the fact that the survey is analyzing the potential Romanian entrepreneurs, it does not provide information regarding the profile and behaviour of the Romanian entrepreneur.

**D. Daniela Tatiana Corodeanu** has conducted an **experimental research** (Corodeanu, D., 2008), **the objective of which is represented by the characterization of the Romanian entrepreneur** from the point of view of the behaviour and business performance and the creation of a Behaviour – Performance Model of the entrepreneur (starting from a Generic Model of Competence of the entrepreneur). The research was based on the method of the inquiry based on a questionnaire, which is composed of 66 items and which is an improved version of the Generic Model of Competence of the entrepreneur applied by the USAID (United States Agency for International Development). The questionnaire is structured in two main parts. The first part is based on the identification of some personality characteristics and general behaviour, which are hypothetically specific to the entrepreneurs – specific competencies and additional competencies. The second part (the one which was added to the original model) is dealing with opinions and personal experiences of the Romanian entrepreneur regarding his/ her behaviour and performance.

The research of Daniela Corodeanu allows the identification of many specific characteristics of the entrepreneurs, but has the following limits:

- The survey was undertaken in Bacău, Botoșani, Focșani-Vrancea, Galați, Iași, Piatra Neamț, Târgu Neamț, Vaslui, Rădăuți - Suceava, Suceava, on a sample of 221 entrepreneurs, so it is not representative at national level. Even if the purpose of the research is the creation of a profile for the Romanian entrepreneur, the author succeeds only in creating a profile for the entrepreneur in the North-East development region.
- The sample is not representative if we consider its structure on fields of activity (the prevailing field of activity is marketing-commerce, with a percentage of 87%) or classes of size.
- The questionnaire requires a high degree of training for the understanding of certain concepts; considering the fact that the majority of the Romanian entrepreneurs do not have managerial education the answers to some questions are not totally relevant.

**E. Another survey which had the purpose to identify the characteristics of the Romanian entrepreneurs was conducted by Ovidiu Nicolescu and Doinița Șendrea** on a sample of 850 entrepreneurs in 21 counties. According to this investigation, the portrait of the Romanian entrepreneur is the following:

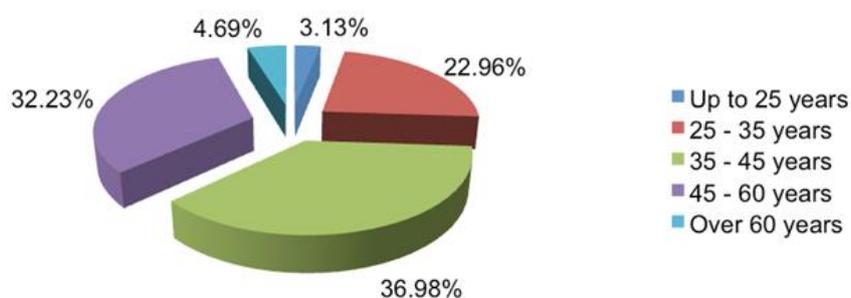
mature person, male, with superior education, very hard-working, frequently linking partnership relations with other entrepreneurs, married, frequently involving the family members in his activity, his most common field of activity being commerce, spending over 60 hours working for the firm.

## 2. The Romanian entrepreneurship research

The research that we carried out in April and May 2013 (Nicolescu, O.) had a sample of 1858 entrepreneurs, from the eight development regions, of all SMEs categories. Although the investigated sample is representative for Romania, we mention that the elements resulted from the investigation should not be generalized, but considered as indicative.

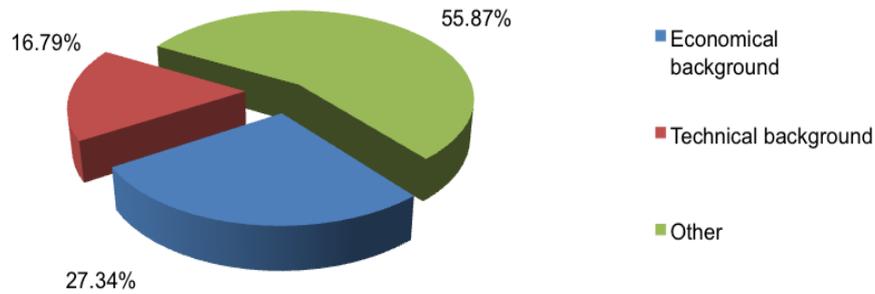
According to our study Romanian entrepreneurs show the following characteristics:

According to the groups of **age**, the highest percentages are held by entrepreneurs between 35 to 45 years (**36,98%**) and those between 45 to 60 years (**32,23%**) and at the opposite end there are the people under 25 years (3,13%). Also, the average age of entrepreneurs is: 41,51 years at the sample level, 41,77 years for male entrepreneurs and 40,94 years for female entrepreneurs. The age structure is in favor of development of the SMEs sector, since approximately 63% of entrepreneurs are less than 45 years old, thus having ahead at least two decades of entrepreneurial activity. In this context, we also mention the high weight (22,96%) of young entrepreneurs, aged between 25 and 35 years. Details in **picture 1**.



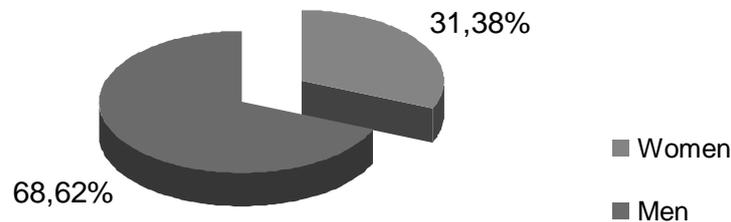
**Picture 1. Entrepreneurs' structure according to the age**

Taking into account the **professional background**, one may notice that people with economic background hold a weight of 27,34% of the total, bringing forward the number of entrepreneurs trained in technical field (16,79%). Entrepreneurs who have other professions represent **55,87%** of the investigated sample.



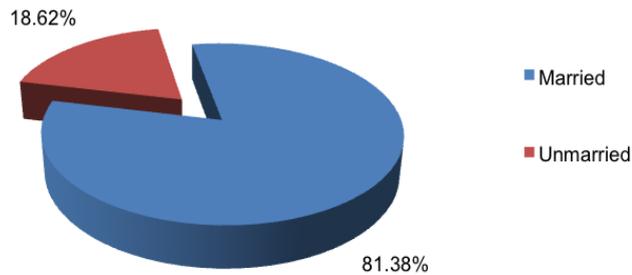
**Picture 2. Entrepreneurs' structure according to the professional background**

Classifying entrepreneurs according to **sex (picture 3)** shows the predominance of male entrepreneurs (**68,62%**). The structure on sex is more balanced than the situation in the European Union, according to which about a quarter of all entrepreneurs are women. Given that in Romania the female represent about 51% of the population, such a configuration signifies a high degree of exploitation of their potential compared to countries in Europe and North America. No doubt that to such a structure helped also the fact that the percentage of females following higher education is higher than the male one.



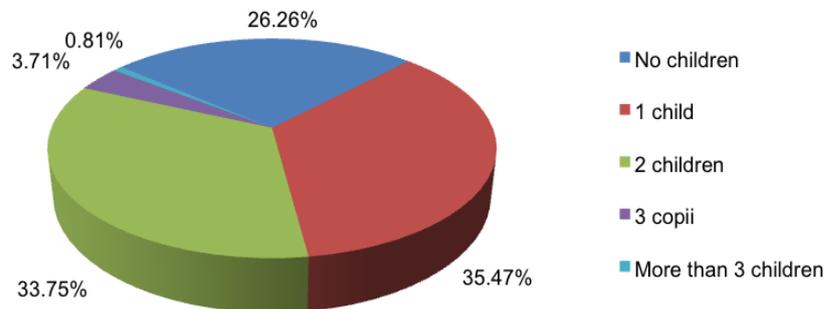
**Picture 3. The structure based on sex of entrepreneurs**

Taking into account the **marital status**, as one may notice as well in **picture 4**, it can be seen the predominance of married entrepreneurs (**81,38%**).



**Picture 4. Entrepreneurs' structure according to marital status**

Regarding the entrepreneurs' **number of children**, it can be seen that **35,47%** of the businessmen have one child and **33,75%** of the individuals have two children. We point out the high percentage of those having no child (26,26%), situation that may be explained by the considerable weight of young entrepreneurs. See **picture 5**.

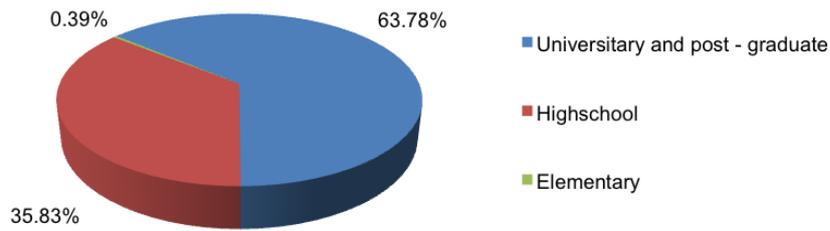


**Picture 5. The structure of entrepreneurs by the number of children**

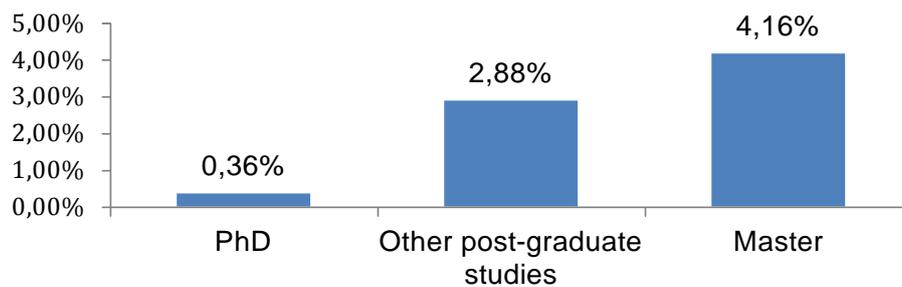
The correlative approach of information on marital status and number of children gives us a picture of a more intense expression of the entrepreneurial spirit at married people and at those having children. The percentages of these two categories of people are higher among entrepreneurs than the entire active population of Romania. The situation is normal, as married people with children present, in terms of the degree of involvement in economic and social life, assuming responsibilities and intensity of work efforts, higher parameters than the rest of the population.

From the perspective of the **studies** completed, most entrepreneurs have advanced education (**63,78%**), of which 2,88% attended various post-graduate studies, 4,16% graduated a Master's Degree and 0,36% have a PhD. Please find information in **pictures 6 and 7**. This situation indicates a high degree of intellectualization of entrepreneurs, which is a favorable premise for enhancing the

performances of SMEs in the future and for the transition to knowledge based economy.

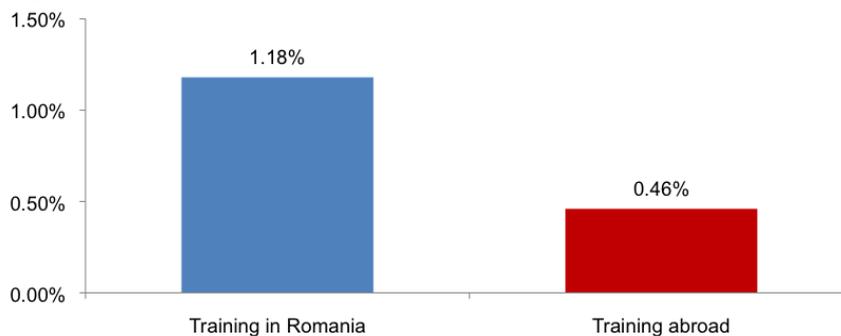


**Picture 6. The structure of entrepreneurs according to education**



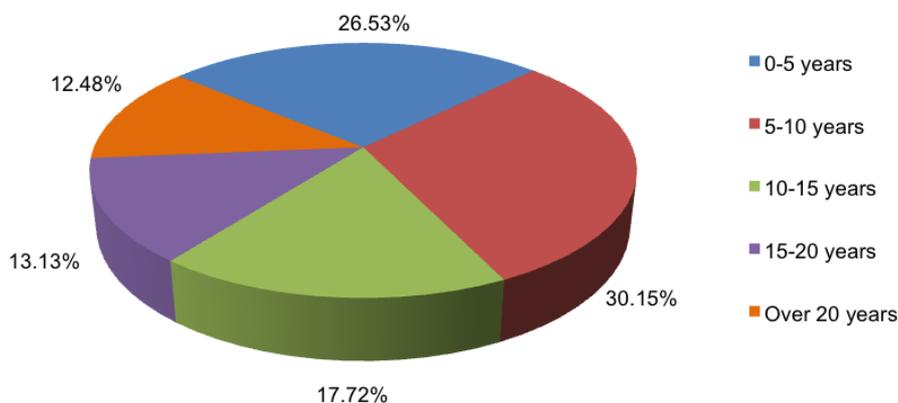
**Picture 7. The frequency of entrepreneurs with post – graduate studies**

Entrepreneurs' classification according to the attended **training program** points out that **1,18%** of them trained in Romania and **0,46%** attended training programs abroad, highlighting the poor availability of Romanian businessmen for getting perfection through training in different activity fields.



**Picture 8. The structure of entrepreneurs based on attended training programs**

From the perspective of the **seniority in labor as entrepreneur** it can be seen that the highest percentages are held by those individuals having between 5 to 10 years of seniority in labor as entrepreneurs (**30,15%**) and respectively, the persons who initiated entrepreneurial activities within the last 5 years (**26,53%**). The lowest weight is held by those entrepreneurs having over 20 years of seniority in labor - namely 12,48%. Please find the information in **picture 9**.



**Picture 9. The structure of entrepreneurs according to seniority in labor as entrepreneur**

As the research indicates, the Romanian entrepreneur's profile is the following: a mature individual, holding an economical background, of male sex, married, with children, with an average of 12,81 years as an entrepreneur, with high education.

#### **Main findings of the research:**

- People aged between 35 and 45 hold the highest weight among entrepreneurs (36,98%) and those under 25 years register the lowest percentage (3,13%).
- The average age of entrepreneurs is 41,51 years.
- Approximately 27% of entrepreneurs have economical background.
- 16,79% of businessmen are trained in the technical field.
- Male entrepreneurs represent the majority, with a weight of 68,62%.
- Around three quarters of businessmen are married (81,38%).
- 73,74% of entrepreneurs have children.
- The good level of training of Romanian entrepreneurs (63,78% have higher education) is capable to facilitate the development of private companies.
- 35,83% of entrepreneurs have average education, and 0,39% have elementary education.

- 1,18% of entrepreneurs attended training sessions in Romania, and 0,46% completed their training abroad.
- People having between 5 to 10 years of seniority in labor as entrepreneurs hold the highest weight at the sample level (30,15%) and those with over 20 years of seniority in labor as entrepreneurs hold the lowest percentage (12,48%).
- The average seniority in labor as an entrepreneur at the sample level is 12,81 years.
- The Romanian entrepreneur's profile is the following: a mature individual, holding an economical background, of male sex, married, with children, with an average of 12,81 years as an entrepreneur, with high education.

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