

Entrepreneurial Initiatives versus Entrepreneurial Skills in South-Eastern Romania

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Abstract

The social and economic growth of a country depends decisively of entrepreneurial activity. But what triggers entrepreneurship? Why do some individuals become entrepreneur? What skills do they need? This paper highlights the intention to develop a new business in Bucharest – Ilfov region in Romania and the skills considered necessary to do that. We present an analysis of the sample according to age, sex or level of education as well as a statistical analysis that measure different aspects of the intention to develop a new business like time horizon, legal status, opportunities or difficulties encountered.

Keywords: *entrepreneurial initiatives, entrepreneurial skills, region Bucharest-Ilfov, empirical research.*

JEL classification: M1, M13

Introduction

Entrepreneurship is a very important research subject in business management as the entrepreneurial activity is considered one of the most determinant factors for economic development and innovation. Thousand of scholars (Alvarez et al., 2013; Estay et al., 2013; Johnson, 1990; Schumpeter, 1965) wrote about entrepreneurship, entrepreneurial motivation or the skills necessary to become an entrepreneur, but it is obvious that there are other several external factors that influence entrepreneurship in each country, like economic

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context, entrepreneurial facilities, culture background, funding, entrepreneurial education, etc. In fact, do Paço et al. (2013) consider that education and training can increase the psychological attributes and behaviours associated with entrepreneurship, but not fundamentally. Many researches (Ajzen, 2001, Do Paço et al., 2013; Linan and Fernandez-Serrano, 2013; Radu and Redien-Collot, 2008) support the idea that specific economic and socio-cultural aspects might definitely influence the decision to become entrepreneur.

In order to highlight the intention to develop a new business in the city capital of Romania and its neighbourhood (Ilfov County) and the need for certain entrepreneurial skills, we conducted a study which emphasis some specific characteristics of entrepreneurship in Romania. The study aims to assess the possibility to have an entrepreneurial initiative in Bucharest – Ilfov region and the entrepreneurial skills required. The paper is structured as follows. Firstly, we present some methodological issues including the sample characterization and then we describe the processing and data analysis. Next we discuss the findings of the research and reach some final conclusions.

In order to measure the intention of developing new businesses in the Bucharest -Ilfov region and the need to acquire entrepreneurial skills and abilities of potential entrepreneurs, an empirical research was conducted based on a questionnaire that asked residents of Bucharest -Ilfov area and took place at the end of 2012.

Further on, the research methodology will be presented, which includes the following aspects: the structure and development of the questionnaire and the method of collecting primary data. Next, it will be presented an analysis of the sample according to various criteria: age, sex, level of education. In the third part, there will be presented a series of statistical analyzes that measure different aspects of the intention to develop a new business in the Bucharest -Ilfov area (time horizon, legal status, opportunities or difficulties encountered in the area and so on), as well as the necessity of questioned persons to acquire various skills and abilities in the field of entrepreneurship that would facilitate the opening of a business (necessary skills, the intention to participate in training courses, interest in a training course in a specific area).

1. Research methodology

The present research is based on a questionnaire, representing one of the most frequently used tool in the social sciences. The questionnaire applied in the present research includes different types of questions, most of them being *closed questions*. Only at certain questions were allowed open answers like "Another response" in which the respondent was able to fill in free if the option was not found in the response options. Closed questions can be classified into two categories: multiple choice questions, in which the interviewed person is able to choose several answers which are suitable from a wider range of options; questions with one response on a Likert scale from 1 to 5 (1 - strongly disagree, 2 - disagree partly, 3 - neutral, 4 - partly agree, 5 - strongly agree) that measures agreement /

disagreement of respondent towards a certain affirmative response at which it is added the option " I don't know / I didn't think about it". Closed questions were preferred because they are easier processed statistically and respondents are more responsive and easier to answer such questions.

The questions included in the questionnaire resulted after organizing a focus group. In addition to the conclusions of the focus group, when designing the questionnaire items, there were also analyzed various specialized works carried out by other researchers and various items from their research were taken in the present study.

The questionnaire was distributed both in hard copy and in electronic format. For the electronic format, the specialized website www.surveyconsole.com was used, where <http://cercetare2012.surveyconsole.com> address was created, which was communicated to the target group and where the questionnaire can be completed online. Potential respondents were encouraged to use the link above to complete the questionnaire because we wanted to eliminate the risk of errors when entering and coding data obtained on paper, in electronic format. However, 1,000 questionnaires were distributed in paper format, of which 205 returned pieces. The link above was distributed to a network of over 3,000 users. In total, 680 responses were obtained, of which 420 valid responses. Thus, starting from the premise that 4,000 people have received the questionnaire (1,000 persons in hard copy and 3,000 have received the link to the questionnaire) it can be calculated a response rate of 17%. Of the 680 questionnaires received, 420 questionnaires were considered valid and were included in the analysis.

The data obtained were exported, coded and processed using the statistical package SPSS 19 and Microsoft Office Excel 2007.

The main limitations of the research refer to the geographic area in which the questionnaire was distributed, namely the Bucharest -Ilfov area and the possibility of errors when entering data from paper format in software SPSS 19 and Microsoft Office Excel 2007.

2. Sample characterization

The sample in the present research is represented by the people who live in the Bucharest-Ilfov area and are potential entrepreneurs in this area and target group for courses in various fields aimed at supporting the entrepreneurial approach.

In order to calculate the sample size, Field 's theory (2005) was used, according to which the sample size should not be related to the total population, but to the number of questions or the independent variables in the questionnaire. According to the same author, it is required a minimum of 15 responses for each question. For the present questionnaire, along with questions of identification, we have a total of 12 questions, thus resulting a minimum of 180 questionnaires that must be collected. The number of valid questionnaires obtained is 420 questionnaires, resulting that the minimum recommended value has been reached.

Further on, the sample will be characterized in terms of age, sex and level of education. As shown in the following figure, in terms of respondents' age, it can be seen that the majority of respondents (55% of respondents) are young people aged between 20 and 30. This can be seen as a positive fact, because the chances of being trained to become an entrepreneur are higher in young people. This is true, considering an error margin, and in terms of their desire to improve their entrepreneurial skills and participate in training because they are usually in full educational process. Over 20% of the respondents have between 30 and 40 years, which is true for the age group between 40 and 50 years. Less than 3 % of respondents are aged over 50 years (see figure below).

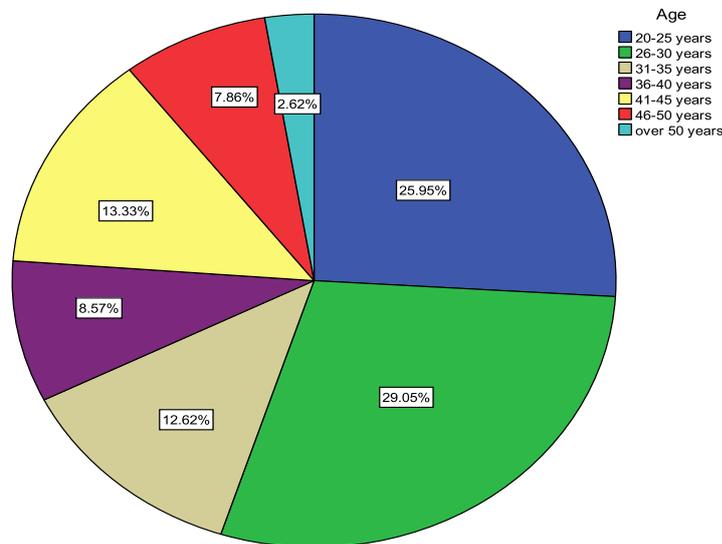


Figure 1. Age of respondents
Source: Own illustration in SPSS 19

The skewness index has a positive value, which indicates a shift to the left of the histogram. This is confirmed, most of those surveyed being under the age of 40 years. Out of the analysis, it results that the most represented age group is 26-30 years, 122 of the respondents with ages in this range. Kurtosis index has a negative value, which indicates a vaulted distribution.

Regarding the respondents' gender, we have a cast that broadly reflect the population structure in Romania; about 61 % of the respondents were women and 39% men.

Next question characterizes the sample in terms of education level, namely the last form of graduated education: 50% of respondents graduated from high school. Given that most of the respondents are young, it can be assumed that at the time of investigation they continue the studies at university level. 22% of respondents have completed bachelor studies, and over 15% have completed their

master or other postgraduate studies. 5% of people surveyed have completed college or post-high school, while only 2.39 % have doctoral studies.

3. Processing and data analysis

Further on, we analyse the most important results obtained from each of the three sections of the questionnaire: the intention to set up their business under different aspects, skills and abilities necessary for the development of their business, according to the respondents' opinion, the intention to participate in training courses. For this purpose we present various descriptive statistics such as average, median, mode, minimum, maximum, and skewness and kurtosis indices, Pearson correlation index, cross-tabulation tables, considered relevant in each case.

The first question in this section examines the difficulty of starting a business in Bucharest -Ilfov region according to the respondents. As shown in the figure below, most of the respondents (about 31%) find it difficult to start a business in the region where they live. An almost equal number of respondents, around 27% consider that it is neither difficult nor easy to start a business and that it is relatively easy to start a business. Also, in both extremes, i.e either very difficult or very easy, there are about 5% of respondents. 4.3% of respondents did not wish to express any opinion in this regard.

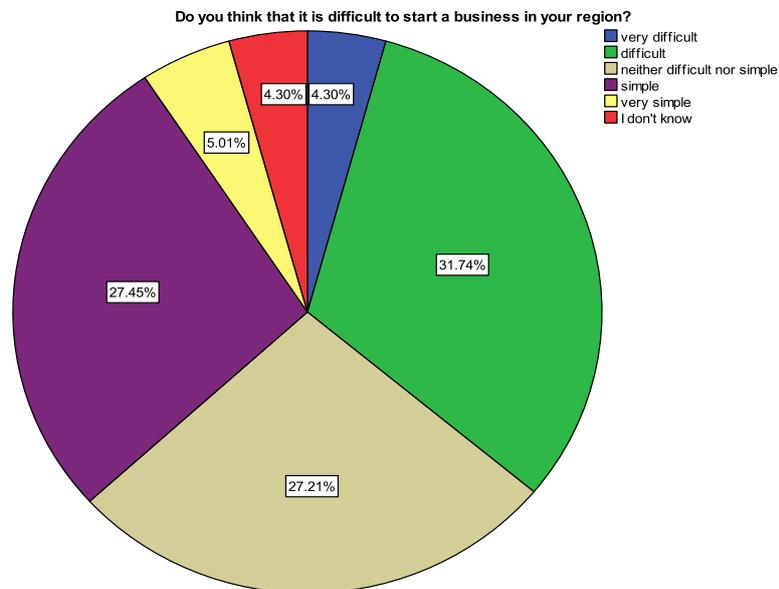


Figure 2. Difficulty to start a business in the region Bucharest-IIfov

Source: Own illustration in SPSS 19

Thus, the average is 2.97 on a scale from 1 - very difficult to 5 - very easy and the most common value is 2. This indicates that respondents consider it

medium difficulty to start a business in the region. The skewness index being slightly positive (0.105), it results that we are dealing with a distribution shifted slightly to the left, meaning prevailed values indicating difficulty of starting a business. Kurtosis index is positive, which means that we are not dealing with extreme response categories.

Asked to what extent they plan to develop their own business, 75% of respondents said they were considering this, 17.62 % have not yet thought of this or do not know, while only 8 % of respondents did not want to set up their own business.

The table below provides the link between the difficulty of starting a business in the region and the business intentions of the respondents. Note that, in percentage terms, the share of those who wish to establish a business is lower than among those who find it very difficult (74%) or difficult (73%) to set up their own business. Thus, while 74% and 73% of those who find it very difficult or difficult to set up their own business express the entrepreneurial intention, approximately 80 % of those who find it relatively easy to open their own business have entrepreneurial intentions. Given that the differences between the percentages described above are small, we can say that, contrary to expectations, there isn't an indirectly proportional strong link between the difficulty of starting a business and entrepreneurial intentions declared. Thus, potential entrepreneurs are discouraged by difficult conditions from the start.

Table 1. Relation between the challenges to start up a business in the region Bucharest-Ilfov and entrepreneurial initiatives

		Do you think that it is difficult to start a business in your region?					
		Very difficult	Difficult	Neither difficult nor simple	Simple	Very simple	I don't know
		Count	Count	Count	Count	Count	Count
Do you intend to start up your own business?	Yes, I do	14	94	92	84	17	11
	No, I don't.	2	14	5	8	2	2
	I don't know/ I didn't think about it.	2	25	17	23	2	5

Source: Own illustration in SPSS 19

Pearson correlation index between the two variables, the difficulty of starting a business and entrepreneurial intention, has a value of 0.021, which would indicate a weak positive relationship, but it is not relevant because Sig. has a value of .669, which indicates that the relationship between the two variables is not statistically significant.

Next, we considered interesting to analyze the entrepreneurial intentions by various demographic characteristics of the sample: age, sex, level of education. Thus, in the following figure it is noticed that a slightly higher proportion of women compared to men have entrepreneurial intentions (75.29% compared to 73.29%). Also, 10.56% of men do not want to start a business in the future, while only 6.18% of women deny entrepreneurial intention. 18.53% of women do not know yet if they would start their own business, while only 16.15% of men do not have a clear opinion about it. The results of this comparative analysis indicate that in the Bucharest- Ilfov region, female entrepreneurship should be encouraged in various ways.

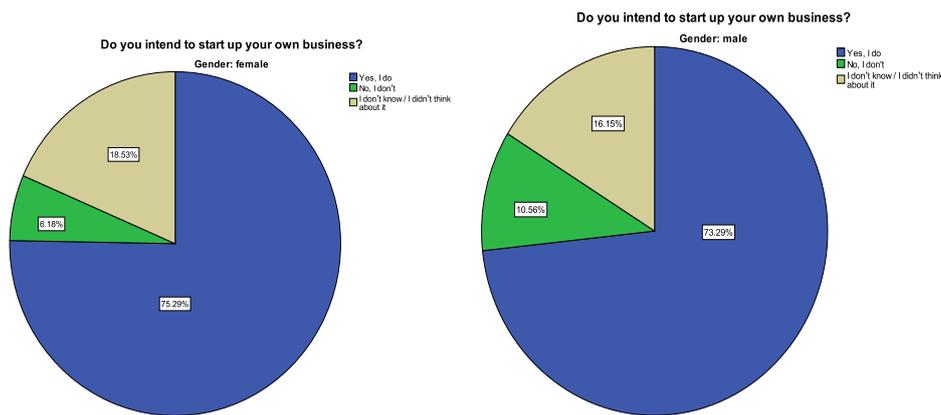


Figure 3. Entrepreneurial intentions according to respondents' gender

Source: own illustration in SPSS 19

Regarding the relationship between the level of education and entrepreneurial intentions, we can see that the biggest intention to start their own business occurs in PhD graduates, where all those surveyed want to set up their own business. They are followed by high school graduates, a rate of 78.9% that want to start their own business. Approximately 69% of college and master graduates wish to engage in business, while only 57.1% of those with post-high school / college and 71.4% of those with vocational school have entrepreneurial intentions. The results presented above reflect that entrepreneurial intentions are even higher as the level of education increases. Category of high school graduates could cause errors in the interpretation of data - they represent a class of individuals with secondary education who have very high entrepreneurial intentions, but we have to keep in mind that many of these high school graduates

are presently students, therefore in the near future they will move into the category of college graduates.

Regarding the time frame that the respondents have in mind for setting up a business, in the figure below almost 50% of those surveyed believe that in the next 1-3 years they will start their own business, while 29% of them do not know or have not thought yet to the time horizon. Only 14% want to start their own business in the next 6 months, and 8% in the next year (see Figure 4).

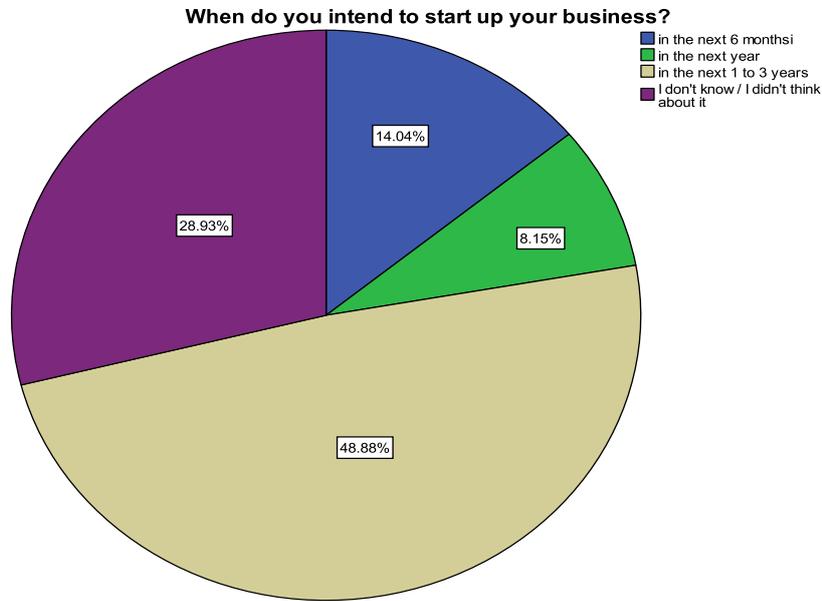


Figure 4. Time horizon for starting up a business

Source: own illustration in SPSS 19

Regarding the legal status envisaged for setting up a business, 71.55% of respondents opted for limited liability company (LLC), 12.68% for authorized persons (PFA) and 7.89% for individual enterprise (IE). Only 5.63% of respondents want to establish a family business (IF) and 2.25% opted for a different legal form. Analyzing the open answers of the 8 people who have opted for a different legal form, it is observed that 3 persons wish to establish a joint stock company (JSC), and 5 people opt for non-governmental organizations (NGOs).

It is worth noticing that 65 of the respondents representing 15.47% of the respondent population did not answer this question. This relatively high percentage allows us to deduce that they do not have the minimum knowledge required for legal forms existing in Romania, which implicitly leads to result that education programs are needed for the population.

Regarding the respondents' opinion on business development opportunities in the Bucharest -Ilfov region, 50% believe that there are great opportunities, while 10% believe that opportunities are very high (see figure below). 22% of respondents believe that there are moderate opportunities, while fewer than 16% of respondents believe that opportunities are small or very small. 10 respondents cannot express an opinion in this regard, and 10 people did not answer this question at all.

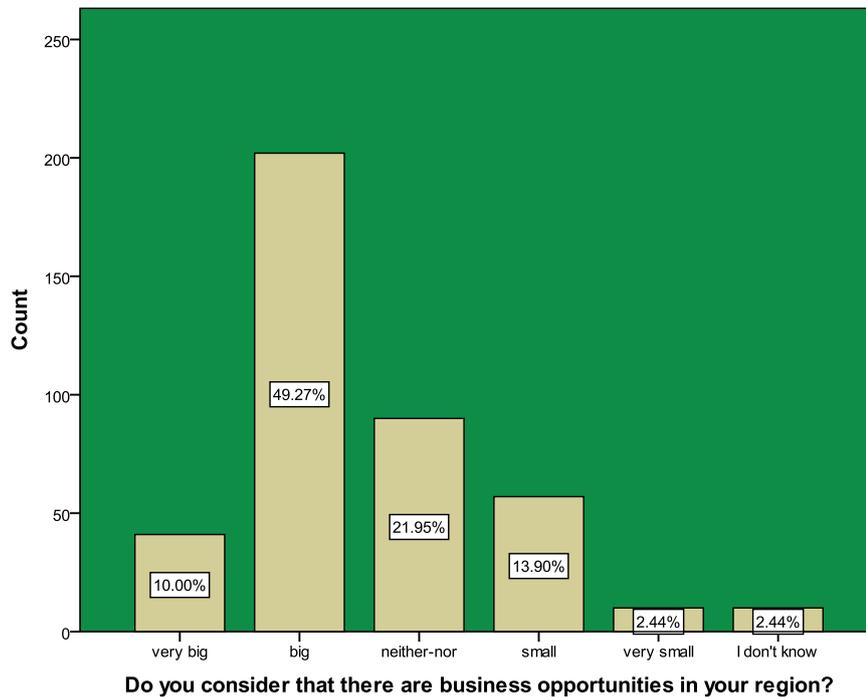


Figure 5. Opportunities for business development in the region
Source: own illustration in SPSS 19

Regarding the field of business development, most of the respondents are turning to services and trade (46.12 % and 14.56 %). This option can be explained by the fact that services, usually initial investments and capital is lower than in other areas. 12.86 % of respondents want to turn to consulting and 8.01 % to agriculture. Only 6.07 % oriented to industry and under 3 % to constructions and communication. Analyzing the open answers we can see that there appear fields such as educational, cultural and online business.

The next section of the questionnaire examines the need for skills and abilities needed to develop a business. We can see that 50.74 % of respondents consider the professional training to be very important and 33.09 % consider it important. 13.8 % consider it relatively important, while a very small percentage of 1.9 % consider it less important or unimportant. 0.7% of respondents did not want

to express their opinion in this regard, and 12 respondents did not answer this question.

Thus, after being removed from the sample, the individuals who have not expressed their opinion in this regard, on a scale from 1 - very important to 5-unimportant, the average is 1.67, indicating that a large part of the population considers professional training very important for business success.

The value that divides the sample into two equal parts is 1, and the most common value among the responses is also 1. Both the skewness and the kurtosis index are positive, which means that the distribution is shifted to the left and flattened- at the kurtosis index the standard error is very large.

Therefore, data obtained from this question indicate the need and desire for training potential entrepreneurs and therefore the importance of organizing courses and the opportunity to do so.

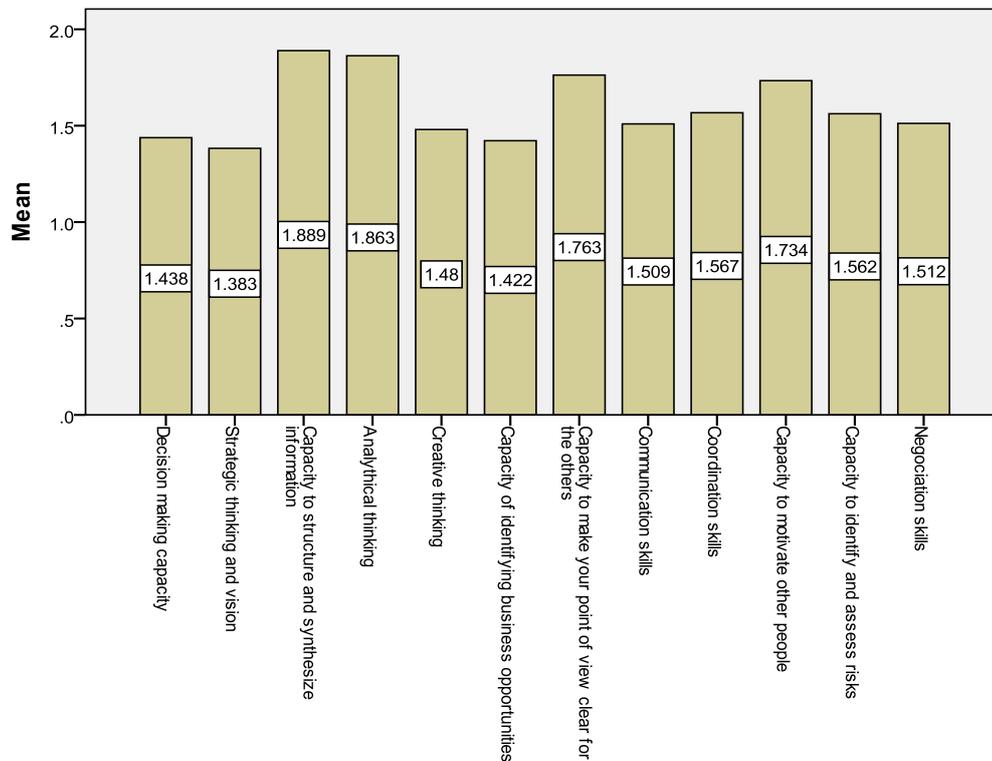


Figure 6. Skills needed for developing and administrating a business

Source: own illustration in SPSS 19

Next, respondents rated on a scale of 1 - very important to 5- unimportant, the skills necessary for the development and proper management of a business. The above figure presents the average values for each competency separately. As the average is closer to 1, the respective competence is considered more important.

Thinking and strategic vision is very important according to the respondents, recording a score of 1.38. It is followed by "the ability to identify new opportunities and to act quickly to follow them" (1.42), "the ability to make decisions under stress " (1.43) and "creative thinking" (1.48). A score of 1.5 is recorded around the following competencies: "ability to communicate" (1.50), "ability to negotiate" (1.51), "ability to identify and analyze the risks" (1.56) and "the ability to coordinate activities " (1.56). Lower values, but also those under 2, are recorded by the following dimensions: "the ability to mobilize the capacities of others" (1.73) , "the ability to make your views understood by others" (1.76), "analytical thinking (ability to analyze a phenomenon)" (1.86) and "synthetic thinking (the ability to structure, summarize)" (1.88).

The next two questions assess the intention to participate in training courses, and development of entrepreneurial skills and abilities on fields: most of the respondents believe that participation in training courses is useful or very useful (75.37 %), while 16.7% consider neither useful nor useless, and 7.3 % consider it rather pointless.

Next, respondents were able to select up to three fields in which they would like to attend specialised courses. Figure 7 shows the fields most requested by respondents. Based on respondents' opinion, the most useful courses are considered Strategic Management -205 of the 420 respondents would participate in this course; Marketing -201 of the 420 respondents would participate in this course, and Negotiation-189 of the 420 respondents would participate in this course. 140 respondents expressed their intention to attend courses such as Project Management, Finance and Accounting - 132 and 101 classes on Legislation. Fewer than 100 people want to attend classes on Human Resources, Foreign languages or Informatics.

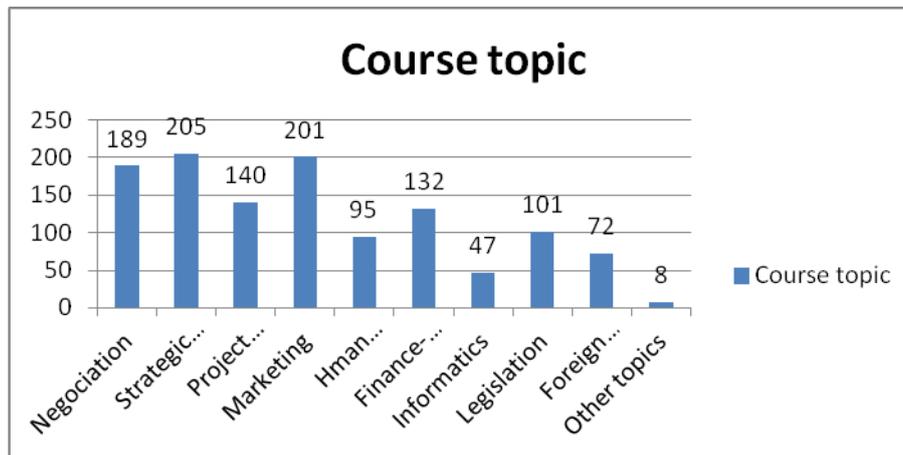


Figure 7. Intention to participate at courses for professional development on various topics

Source: own illustration in Microsoft Excel 2007

Analyzing the open answers on courses that present a high degree of interest for potential entrepreneurs, it results that Leadership, Psychology and Online Environment are also among the favorites.

Conclusions

This study aims to assess the possibility of setting up certain businesses in Bucharest- Ilfov region and entrepreneurial skills required as well as the interest and willingness of potential entrepreneurs to participate in various training courses and the development of entrepreneurial capacity. The analysis presented is based on data obtained from the survey based on a questionnaire, which were processed in SPSS 19 software and Microsoft Excel 2007.

The study can be divided into three parts: in the first part the entrepreneurial intentions are evaluated in terms of opportunity and disadvantages in the Bucharest -Ilfov region, and areas of interest. The second part analyzes the skills considered necessary in order to achieve success in business and the third part analyzes the respondents' intention to participate in training courses in areas of interest.

The research results show that most respondents have entrepreneurial intentions, despite the fact that they perceive the difficulty of starting a business as being moderate. These entrepreneurial intentions are more common among young people and those with higher education. Those who have the desire to start their own business focus mainly on limited liability company as a legal form, and the time horizon is 1-3 years. Respondents believe that the main advantage existing in the Bucharest –Ilfov region is represented by the market size and the main disadvantage of excessive bureaucracy. The areas with the most potential for entrepreneurs are services and commerce.

Most respondents consider professional skills as essential in entrepreneurship and are willing to participate in training courses, particularly in the areas of Strategic Management, Marketing and Negotiations. Thus, we can say that in the Bucharest -Ilfov region there is a high entrepreneurial potential and the organization of training courses is appropriate and meets the needs of the population.

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