

CHARACTERISTICS AND PERFORMANCES OF ENTREPRENEURIAL MANAGEMENT IN ROMANIA

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ABSTRACT

The paper presents the results of an empiric research conducted between April and June 2010 and offers a broad view of the management developed in the Romanian SME's, of their performances during the last year and of the methods used by the entrepreneurs and managers to measure the performances of their firm. Also, the paper underlines the characteristics of the management practiced in the firms with superior performances, resulting in a tight bond between the degree of professionalism of the management and the degree of profitability of the firm.

The research was conducted in the period April-June 2010 on a sample of 214 entrepreneurs and managers with the purpose to underline the characteristics and performances of the entrepreneurial management in Romania and has shown the following significant aspects:

- 31,51% of the respondents declared that they attended courses of management, while 68,49% of them do not have such a specialization;
- In 45,12% of the total investigated firms plans and annual policies are being conducted, in 13,41% of SME's are elaborated strategies for 3-5 years and in 41,46% of the firms planning activities are not being conducted;
- In most firms (59,04%) it was settled as an objective the moderate expansion of the business, in 20,48% of the firms the major purpose is the maintenance of the business at the current dimensions, in 10,84% of the firms it is desired the rapid expansion of the business; 6,02% of the respondents indicated as an objective the reduction of the dimensions of the firm;
- The most frequent strategic options mentioned by the analyzed SME's are: training of the personnel (81,08%); new markets penetration (59,46%); cost reduction (54,05%); creation of strategic partnerships (51,35%); amplification of the marketing activity (48,65%); diversifying the production (31,08%); activity informatization (24,32%); growth in the volume of investments(21,62%); restructuration and modernization of organizational management(20,27%);
- From the point of view of the formalization of the organization, almost half of the respondents, 49,30%, indicated a mixed type of organization; 16,90% of managers indicated a totally formal organization; the same percent (16,90%) declared that within their firm there is an organization which is preponderantly

formal, and in 14,08% of the SME's involved in the study the organization is preponderantly informal;

- The analysis of the ways the organizational structure used with preponderance in the companies are presented/reflected, we observe that the firms use in the greatest measure the job description forms (72,97%), which are followed by the organizational and functioning regulation (60,81%) and the organization chart (47,30%);

- 82,97%% of the managers interviewed prefer the positive motivation;

- 58,90% of the respondents prefer to use the economic motivation, while 41,10% are interested in the satisfaction of the moral and spiritual aspirations and expectations;

- In the majority of enterprises the experience is valued (68,92% of firms), the competence in the field of activity is valued in 62,16% of cases, the degree of involvement in the firm is valued in 56,76% and the abilities to work in a team are valued in 51,35% of cases;

- From the point of view of the type of management used in the respondent firms, the most frequent is the management through objectives, this type of management being preferred by 48,65% of the persons interviewed;

- The analysis of the methods and specific management techniques used by the interviewed managers we observe the following: 66,22% of these use the meeting; 45,95% appeal to delegation; 31,08% use methods of stimulation of the creativity of the personnel; 10,81% use the method of diagnose and 5,41% use the board panel;

- 64,39% of the decisions taken in a month within a firm are current decisions, 23,48% are tactical decision and 12,13% are strategic decisions;

- 59,29% of the decisions are taken at the superior management level, 26,11% at the medium managerial level and only 14,60% are taken at the inferior level;

- From the point of view of the financing means for the economic activities adopted by the interviewed managers over the last year, the results show the following: 87,84% used the self-financing; 33,78% financed their companies through bank credits; 31,08% resorted to a credit provider; 27,03% acquired certain goods through leasing; 9,46% opted for not paying the bills to the suppliers or not paying the charges to the state budget and 8,11% financed their activity by charging advance payments from the customers;

- 56,76% of the respondent firms resort to consultancy on legal aspects; 32,43% resort to consultancy in the accountancy; 17,57% of the interviewed managers used the consultancy with the purpose to access grants; 14,86% use consultants in the marketing area and 10,81% use consultants on human resources issues;

- 95,95% of firms have computers; 95,95% of the managers use the e-mail as a means of communication while 93,24% use the Internet;

- 26,87% of the interviewed entrepreneurs and managers consider that in 2010 their performances were a little weaker than in the previous year, 23,37%

consider that 2010 was better from the point of view of the company performances and 20,90% registered much weaker performances;

- A quite important percent from the entrepreneurs and managers interviewed (49,21%) consider that the turnover was lower in 2010 in comparison to 2009;

- More than a half of the entrepreneurs and managers interviewed (53,33%) stated that the registered profit was weaker;

- 48,65% of the companies consider that the values of the loss in 2010 are the same with the previous year;

- The total amount of investments in the Romanian companies in 2010 is lower than the same period of the previous year, 41,38% of the respondents declaring that the values were lower;

- Quite high proportions (73,58%) of the economic actors questioned registered similar values with the ones in the previous year for the funds allocated to the environment;

- If we consider the evolution in the number of employees in 2010 in comparison to 2009, we observe that this indicator stayed constant in over a half of the companies submitted to the enquiry;

- 44,26% of the respondents consider that in the current year they launched more products/services in comparison to 2009;

- When we consider the degree of fulfilment of the previous year's objectives, 35,71% of the enterprises questioned consider that they fulfilled their objectives in a proportion of over 75%;

- The entrepreneurs/managers interviewed indicated that in the last 3 years they have adopted the following measures to improve the conditions of their employees: the introduction of a flexible working programme (63,51% of firms), the improvement of the ventilation system (39,19%), the endowment of the offices with ergonomic furniture (29,73%), creating a kitchen for the personnel (27,03%), creating a bathroom (24,32%), acquiring high performance protection equipment (22,97%), phonic isolation (12,16%);

- The annual production of 56,33% of the companies is designed for the local market, which is followed by the national market (31,55% of the investigated firms);

- 87,84% of the managers interviewed use as a means to appreciate the performances the evolution of the turnover, 82,43% - the profit reached, 54,05% - the degree of objective fulfilment, 33,78% - the total amount of the investments, 32,43% - the degree of innovation of the services and products, 31,08% - the total amount of debts;

From the analysis of the answers of the managers and entrepreneurs whose firms obtained superior performances, we observe the following:

- The weight of managers with studies in the field of management is much higher comparatively to the average of the sample, fact which shows a direct connection between the performances of the firm and the degree of professionalization of the management;

- The planning/prediction activities are more frequent comparatively to the average of the sample in the firms with superior performances;
- The managers of the firms which are more performant resort more frequently to the moderate expansion of the business (75,86%), while the reduction of the dimensions of the business, the selling of the business or its closing are not options for them;
- The managers of the firms with higher performances resorted more frequently, in comparison with the average, for the reduction of costs (58,62%), the amplification of the marketing activity (51,72%), creation of strategic partnerships (55,17%) and the restructuration and modernization of the organizational management (37,93%);
- The firms with a much performant management have a higher degree of organizational formalization;
- There is a higher use of organization charts (62,07%), organizational and functioning regulations (68,97%) and of the job description forms in the firms with superior performances, which shows a growth in the performances of the firms in accordance with the growth of the professionalism of the management inside them;
- In the SME's with superior performances it is practiced in a higher proportion comparatively to the average of the sample the management based on objectives (51,72%);
- Within the firms with superior performances the weight of the strategic and tactical decision is higher comparatively to the average of the sample;
- The firms with superior performances resorted more often to external consultancy, comparatively to the less performant firms;
- The firms which had superior performances resorted more often to using the computer, the e-mail, the Internet, the company website, on line selling and acquisition, intranet.

The empiric research presented in this paper offer a broad imagine of the management practiced in the Romanian SME's, of the performances they had over the last year and of the means used by the entrepreneurs and managers to measure the performances of the firm they manage. Also, the paper underlines the characteristics of the management practiced in the firms with superior performances, emerging in a tight connection between the degree of professionalism of the management and the degree of profitability of the firm.