

Stefan, Eugen Bruno

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## THE MANAGEMENT EDUCATION OF THE RURAL ENTREPRENEUR

Eugen Bruno Ștefan<sup>\*</sup>

*Bureau of Social Research, Bucharest, Romania  
University Politehnica of Bucharest, Romania*

### Abstract

The Bureau of Social Research, within a strategic EU project– Rural Entrepreneur (2011) – coordinated by the National Foundation of Young Managers, analyzed in 2001 the needs of developing management and consultancy programs in order to improve the knowledge, skills, and managerial behaviour of the small and prospective entrepreneurs from the rural area of Romania. This study has revealed that three quarters of the rural entrepreneurs and over 85% of the prospective entrepreneurs have never been trained in management development. Their managerial education is often poor and usually acquired after starting the business up. The majority does not even consider that a prior training is necessary because business opportunities in the rural area are rare and the access of European funding is difficult. Over 90% of the new businesses fail in the first year. The managerial training programs and entrepreneurial consultancy can significantly reduce this percentage.

**Keywords:** entrepreneurship; managerial education; business consultancy; rural management

**JEL Classification:** D03, I21, M12

### Introduction

In Romania, 661,702 companies were registered in 2008, out of which 83% were located in the urban area and only 17% in the rural area, taking into account that almost half of the country's population lives in the countryside. Out of the 114,396 companies in the rural area, over three quarters are located in suburbia, in fact serving the urban population (hypermarkets, warehouses, factories, etc.). The world economic crisis and the measures adopted by authorities (the contractual tax and abusive controls) have led to an unprecedented decimation of businesses: out of 661,702 companies in 2008, 202,203 were closed in 2009, and other 252,594 in 2010. If in 2008, Romania was the country with the highest economic growth in Europe, it has soon become one of the countries with the most severe economic problems.

In order to stimulate the development of private market in rural areas, the European Union (EU) supported the National Foundation of Young Managers in starting a program to build

<sup>\*</sup> Author's contact: e-mail: bruno@sondaje.info

up the entrepreneurial culture and managerial consultancy for employers who intend to open a business. The program aimed at training over 4,500 employers and future employers within conferences, using an e-Learning platform with different course modules and customized managerial consultancy for accessing European funds, creating an e-Business platform and e-Commerce for promoting their products and services, as well as integrating them into a national network that can facilitate the transfer of good practices and initiate partnerships among members.

The project was regarded with suspicion from the beginning because the entrepreneurial spirit – defined through the ability to create opportunities, to solve managerial problems and make money – was considered hardly compatible with the Romanians' way of living and thinking. Max Weber wrote in 1904 that the spirit of capitalism developed in those regions of Europe where a certain ideology about asceticism and salvation was dominant, where richness was not based on the stimulation of instinctual greed, but on limiting consumption, on rational reinvestment of profits, on professionalism and hard work, on understanding work as vocation and the only way of securing God's protection. (Weber, 1993, p. 178). This implies that those who are rich are lucky people, chosen by God, who granted them certain talents and abilities to make money.

Contrary to this vision, the project started from the ideas of Peter Drucker (Drucker, 2007, p. 7) who demonstrated that, in order to make money and be efficient in the business world, 'you do not need a special talent, not even a special ability, and neither a special training', but to acquire certain abilities that can be mastered by everybody. The capacity to lead organizations and people efficiently is not a native talent, as in the case of those who are born with a talent for music or painting, but it is the result of mastering some skills. There is no efficient personality from the managerial point of view because the successful business people are different in terms of their character and abilities, behavior, cultural level, attitude and many other factors. Successful are those who acquired some practices in the same way children memorize the multiplication table, by repeating it again and again until it becomes a conditioned reflex. And these practices refer to organizing the time carefully (starting from results to activities and not in a reversed order), attracting as many external resources as possible, exploiting own strengths, adapting to the market's demand, and making major decisions based on correct strategies.

These keys of success can be acquired by people through continuing training. As they get trained, their perspectives enlarge considerably. The managerial education makes them 'forget about problems and find out new possibilities, focusing rather on their strengths than on their weaknesses. Managerial education attracts towards organizations people with high abilities and aspirations, stimulating their work and involvement. The organizations are not more efficient because they have better people. They have better people because they stimulate people to improve their abilities through their standards, habits and environment.' (Drucker, 2007, p. 7)

The research covered a wide range of characteristics that influence the behavior of entrepreneurs in rural areas, including socio-demographics, motivation for starting a business on their own, how respondents perceive success factors and barriers encountered in starting the first business, how they relate to competition and project the future of their business. This article focuses on management education of rural entrepreneurs, other aspects resulting from the research being discussed as far as they are relevant to

characterize the education gap in relation to the skills required for modern enterprise management.

After the research methodology section, we present a synthetic characterization of Romanian rural entrepreneurs, focusing deliberately on respondents' experiences about their first entrepreneurial endeavor. The third section discusses in detail the results of research on education in management of rural entrepreneurs, and the last section is devoted to conclusions.

## 1. Research methodology

In order to measure the training and managerial consultancy needs of the entrepreneurs and of those who want to start up a business in rural area, The Bureau for Social Research employed a complex research, which comprised:

- Running a survey on a representative sample of the target group (2,469 entrepreneurs and future entrepreneurs from rural area) and a comparative survey among public employees who do not intend to start a business (274 people).
- Organizing eight focus-groups (one per each region of development, with 10-11 participants) on career and managerial experience, as well as, culture and entrepreneurship training.
- Organizing eight brainstorm sessions (one per each region, with 10-11 participants) on the importance given by entrepreneurs to the main managerial concepts.
- Conducting 80 in-depth interviews (10 for each region) on the factors that influence success and failure in managerial career.

In order to identify the target group – people who started or who intend to open a business in rural area – we made a list with entrepreneurs and prospective entrepreneurs from every rural locality of Romania. Various information sources were used when drafting the list: database of companies registered in rural areas, information from representatives of local public authorities, field workers that identified people willing to start an entrepreneurial career. From every *commune* (a territorial administrative unit, lower than a town, that includes several villages).out of the total 2,861 (that comprise almost 13,000 villages) an average number of 2.2 people were invited to participate to the county conferences promoting the project. One third of respondents filled in a questionnaire about their motivations, expectations, and entrepreneurial experiences. Other 274 civil servants that did not intend to start a business filled in a similar questionnaire in order to note the differences and similarities between them and those who wanted to take up an entrepreneurial career. Ten percent of those 2,469 managers and future managers who answered the questionnaire were invited to participate in the qualitative research (focus-groups, brainstorming sessions, and in-depth interviews) in order to get a detailed history of their entrepreneurial career milestones, the ideas and philosophy at the core of their managerial actions, their knowledge and present level of managerial education. Data were collected in two phases. In February-May 2009 the qualitative and quantitative research was performed in 18 counties assigned to three regions (North-East, Center, and South-East). In February - May 2011 the interviews were conducted in the remaining 23 counties from other five regions (North-West, West, South-West Oltenia, Southern-Muntenia, Bucharest-Ilfov).

## 2. General characteristics of rural entrepreneurs

Two thirds of the people who own a business or intend to start a business in rural areas are men. Their proportion is higher among employers: 82% are male, while the most numerous women who wish to set up a business are civil servants: 49%. The average age is 32 years old, with variations ranging between 18 and 65 years old. Most of the men are married, have children, and are emotionally connected with the rural lifestyle. Most of the women are divorced or live in cohabitation, have lower revenues and less international experience than men (have worked or studied abroad less), but spend more time surfing on the Internet than men.

Almost half of the subjects (47%) have completed higher education or are about to complete it (one-third graduated from private colleges and two thirds from public ones), mostly in the economic field (30%) and the fewest in the artistic field (1%) and health care (2%). Half of the participants in the study own or desire to start a business in another field for which they do not possess certified qualifications.

Their average number of family members is 3.5, 8% are made up of a single member, and 14%, of more than five persons. In their great majority (86%) entrepreneurs and potential entrepreneurs speak a foreign language, in most cases English (58%), and use the computer, surf the Internet and use email for about 23 days in a month. One-third of the target group members earns money from activities carried out on their own, while two-thirds, from salaries, scholarships, unemployment benefits.

A third of entrepreneurs from rural areas run more than one business and 10% of them (especially public employees) may also have a secondary occupational status: employers, farmers, local officials, self-employed, etc. Most companies in rural areas are small-sized – 90% have less than 10 employees, half in charge of production (agriculture, livestock, wood processing, bakery, construction, textile), a quarter have services as object of activity (tourism, transport, notary, consultancy) and another quarter, trade.

Although they are few, the non-shareholder managers were analyzed separately because I noticed that they possessed a higher level of professional training in economics. They are around 38 years, know several foreign languages, have bank loans and use computer and Internet most of the time.

If the business environment is dominated by men, that of civil servants is more balanced and I noticed numerous women working in public administration and willing to enter the business world. As in the case of managers, public employees have a high level of education (60% have a college degree), frequently use computer, and speak foreign languages pretty well. Three quarters of them are married and most of them have children.

Unlike civil servants, most employees in the private sector are not married, have a high school diploma, and lower incomes than their peers from the public sector. This must be correlated with their average age (26 years) – lower than the previously mentioned occupational categories. Employees in the private sector follow the successful example of their employers and intend to open their own business soon. The barriers that kept them from starting are those that all potential business owners are dealing with: they did not have the necessary capital and equipment to start-up (41%), did not have an innovative idea of business (17%), did not have the necessary network of business contacts (11%), have not considered themselves ready for something like that (10%).

Workers on their own (traders, craftsmen that are not legally registered and do not pay taxes) and farmers show a slightly different social profile: they use computer and Internet the least, are poor speakers of foreign languages, do not have bank loans, and lack the professional international experience (only 15% of farmers say they have studied or worked abroad). They have a significant marketing activity instead: almost half of them have personally sold their products on the market in the past year (men were twice as much as women).

Almost all students and unemployed respondents are not married, speakers of foreign languages, and spend most of the time surfing on the Internet. They do not have bank loans and have the lowest income of all survey subjects (200 EURO per month). Compared to other potential entrepreneurs they have the lowest average age: 23 years old.

Except these categories (occupational status, gender, age, level of education, computer skills, work experience abroad, bank loans), I have not found other socio-demographic patterns that show the people desire to start a business in rural areas.

At the end of each in-depth interview, focus group, or brainstorming, I have asked participants about the questions they would ask Ion Țiriac, Donald Trump, Bill Gates or other successful businessmen if they enter the room that very moment. Most questions focused on the beginning of their business, the first step in managerial career: *How did he make the first million? How did he start? What was the secret? What business idea did he have? How to succeed on your own forces? How many corpses he had to step on in order to reach the top? How can you become a billionaire without financial resources or without relations? How do you face obstacles that competition and government raise continuously? Who did he bribe at the beginning and with how much money?*

These questions have convinced me that I need to focus on the first business, not necessarily legal ones as a registered company, but especially on the first attempts to start something on their own.

Asking people about the age when they have started their first business I found out that the **entrepreneurs in rural areas had the first managerial experience before the age of 22**. Those who live near big cities have made their first business at a younger age (19 years old). The greater is the distance from cities, the higher is the age. Those who have graduated from private colleges have begun their business younger than those who have graduated from State colleges. The graduates of economic or law schools entered the business world earlier than those who graduated from medical or technical field.

The interviewed subjects highlighted two situations: (a.) the first activities undertaken on their own did not represent a business itself, (b.) with time, that activity became a real business (this situation is more frequent).

For one third of the subjects, the first money was obtained from activities not related with the business carried on currently. The choice of such activity was a solution to supplement revenues, but it proves the existence of a desire to do something, as well as, the existence of entrepreneurial abilities:

*That was my idea to make some money. I still haven't found the right idea for a different kind of business. I mean, I am still searching. I want to do something.* (Ruxandra, potential entrepreneur, 29 years, Argeș).

*I was feeling that I can do something on my own, and I was hoping to be able to open a business.* (Daniela, entrepreneur, 45 years, Argeş).

In some cases, the first activity was *not necessarily a business* (Sandu, entrepreneur, 34 years), but rather an informal business, generating some extra income. In order to earn some pocket money or to increase their income during high school or college years, some were involved in various activities, either during vacation, or parallel with their studies: selling mobile phones, flowers, greeting cards, clothing, beverages, food products, cosmetics, etc., creating artisan objects, repairing cars, distributing leaflets, singing at or photographing weddings and other events, etc.

Some entrepreneurs and potential entrepreneurs have mentioned as their first important business an activity that has not lasted for long time. Some businesses have been favored by the general economic context in a particular time, operating for a short period (the sale of apartments or cars). Others were abandoned in favour of more profitable activities, the first business representing only an attempt in their entrepreneurial approach (hairstyle, gym). Yet other businesses have failed for various reasons: closing the aquarium shop due to the child's allergy; closing company (car service, food company, or detectives company) due to the lack of clients; abandoning a bar business due to Christian principles, etc.

For most entrepreneurs the first income generating activity became a legal business that was extended in time. It was concretized in an *experience without which I wouldn't have done what I've done so far* (Vlăduţ, student, 19 years old). There are cases when some initiated an activity that proved to be profitable, so it appeared the idea of opening a company – for example a construction contractor, having initially started with simple activity of masonry:

*I've got a boy to help me. Then I took another two or three boys to work with me. And then I saw that there were job opportunities, so I needed to register the activity, to make it legal* (Sorin, entrepreneur, 32 years, Dolj).

And there are often cases when people got work experience within a company they left in order to open their own business:

*I opened my own business, but I didn't want to tell my boss for whom I was working. When demand grew I couldn't work in two places at the same time, so I left. He often passed by me and I tried to greet him, but he avoided talking to me.* (Andrei, entrepreneur, 23 years).

The first attempt to start a business influenced significantly the activity of those who have become employers: most of them continued to work in the same field as the initial one and only one-third of them changed their domain of activity. For civil servants, that first business was the decisive factor in changing their field of activity; for most of them the first attempt was a failure. In a higher proportion those married and with children work in the initial field than those unmarried or widows. Orthodoxes, Jews, and Protestants have changed more often their activity in comparison with Catholics and Protestants. Those who graduated from agriculture schools or art have remained attached to their first business, as opposed to those who have graduated from law schools. And graduates of private colleges have changed their field of activity more than the graduates of public colleges.

Not all those who do something on their own were successful from the beginning. The rate of those who have failed is incomparably higher than of those who succeeded. Bill George, a famous professor at Harvard Business School, says that people fail in their endeavors

because they are unable to pursue with consistency their beliefs, values and principles that guide them through life. People come down from the height of their moral values and lower their self-image either because they are not aware of their abilities, or because they lack the self-confidence, or they are afraid to take risks and responsibilities, or they cannot keep up with new challenges (George 2010, 22).

Consequently, time has an increasingly insignificant value. In a recent research on time budgets (Ştefan, 2011), I noticed that people spend their time as those from their socio-professional category and not in accordance to their own wishes and dreams of personal development.

The research among entrepreneurs and prospective entrepreneurs in rural area had confirmed Ben Casnocha's (Casnocha, 2010) theories that consider the courage, self-confidence, and appropriate education as the most important ingredients of success.

From in-depth interviews and focus group discussions, we have found out that success in business is correlated with certain personality traits of an individual, the financial capital needed to start the business, the opportunities or economic context existing at a given time, the specialized knowledge, and the skills in running a business.

- **Human qualities.** The following qualities are considered relevant for succeeding in business: the persuasiveness, communication skills, self-confidence, honesty, ambition, perseverance, daring to try, risk taking, great capacity of work, intellectual potential, skills for certain tasks.

- **Entrepreneurial spirit – entrepreneurial family environment, a competitive local environment, the general economic context:** family, local community, society as a whole. The entrepreneurial spirits, the ability to take risk and to seize opportunities, are important in becoming an entrepreneur. The local opportunities for business are important as well. For example, investments in tourism are closely related to the natural potential of the region, increased by anthropogenic objectives (monasteries, etc.). Business success depends on the general economic context. For example, a business like cosmetics distribution has been successful when the offer on market was limited and the buying power of Romanians was higher. Having your own business gives you the possibility to develop your thinking, putting your own ideas in practice, while the employee status means a reduction of the thinking freedom and decision making.

- **Money.** The success of a business is subject to the availability of money for initial investments. Money, the desire of getting an income to ensure a decent life to the family, is the engine of business development. The need, the desire to own material goods, to live a better life, is a strong motivation in starting a business up; the desire to make money easier, through business it is like a virus. Income correlates with prestige in society.

- **Competence, the specialized knowledge.** Competence increases as the business develops. Specialized skills are absolutely necessary for the business success. Essential is the knowledge in economics, accounting, and law, as well as, the knowledge acquired abroad. Knowledge of a foreign language is considered necessary only in case of making purchases abroad, for working with foreign partners, for participation to international fairs. Required knowledge: management; knowledge for making an accurate and detailed business plan, for conducting the activity, for identifying the steps of running a long-term business, for estimating the investment and payback period, for identifying external factors



that may influence the business; knowledge of financial management for making the business profitable, knowledge of expenditure and revenues; knowledge of strategic management for the on-going adjustment to the market; knowledge of project management; marketing knowledge for being able to sell goods that customers want.

- **Business organization and management:** diversification of activities increases the chances of business survival; choosing the investment industry (goods or services that the market could absorb, but are not provided yet); ensuring the sale of products by offering quality at good price; using advanced technologies and highly qualified employee; on-going reinvestment of capital; signing contracts with big companies; generating new ideas for adding value to what already exists on market.

- **People who provided advice and support.** An important role is played by those who helped the entrepreneur and provided financial support when he initiated the business. Sometimes the teacher discovered the entrepreneur's talent or gave her/him tips for a successful business, but more often the family gave advice and moral support, and other times a friend, who became a partner afterwards, was of great help. In other cases, relatives have offered inappropriate advice, urging caution. The parents' communist mentality represented a brake for entrepreneurial initiative. Some respondents claim that they have learned by themselves, they did not receive any support. Sometimes at the beginning of the road, the subjects had relatives or friends as business partners, but often misunderstandings have separated them. For prospective entrepreneurs, partnership is seen as the only chance for starting a business. If they had the money needed for opening a business, they would prefer to do it alone, as they are afraid not to be deceived by their partner.

- **The relationship with customers and suppliers** is extremely important for a successful business. They must always remain the focus of business in order to become loyal. Friendships emerged frequently when the contact with client is direct, like in construction or tourism businesses. At the beginning the first customers were brought by relatives, friends (for selling Avon products, for typing graduate thesis). In other cases the quality of goods or services determines the sale and there is no close relationship with the client (for example, selling products on the farmer market). Generally, the suppliers are unknown to entrepreneurs; they are selected based on the quality and the advantageous prices of their offer. Relationship with them should be based on trust as they might become permanent suppliers in time.

Analysing the most famous US companies that were on top for several decades, Jim Collins and Jerry Porras (Collins and Porras, 2007) found out that they were built around certain values or ideologies which have given a strong sense of identity and continuity, in spite of the inherent changes. When a company publicly affirms its traditions and shows their determinant role in the quality of products or services they offer (or in the way they treat their clients), then the business creates its own niche on market, having loyal customers and becoming a reference point in its field. It is important that the business founder sets a path or, as Warren Bennis and Burt Nanus (Bennis and Nanus, 2000, p. 95) said, 'envision the future of the organization ... This vision articulates a picture of a realistic, credible future for the organization, a status that is better than the current one in some important aspects.' When a business owner knows what he wants, the path of development, how to integrate it in the external environment, and when his vision is clearly and attractively communicated to his employees, they are able to understand their own roles not only within the company, but also in their community.

The present research confirms the idea that the first business influences the individual's career and life decisions. The older is the memory of the first business, the more entrepreneurs tend to assign it a higher importance in their career. Those over 45 years grant it a higher importance than the younger ones. Equally, those married and with children value more their first business, than the unmarried ones. Graduates of vocational schools and post-secondary education admit that they are influenced by their first business more than the high school graduates. Entrepreneurs believe that their first business influenced their career, while employees in the public or private sector, students and unemployed persons do not grant it a major role. Men are more influenced by their first business than women. Those living in the western part of Romania or near big cities do not pay great importance to their first business, while those living in areas with low commercial activity regard their first managerial experience much more.

The philosophy and managerial values at the core of the first business have changed over time, and entrepreneurs are the most assertive in stating this. In counties near the western border people have changed their entrepreneurial ideas the least. The non-shareholder managers and the Neo-Protestants have remained loyal to their original business philosophy the most.

Changing the initial view about business – clearly noticed especially among entrepreneurs – it is the result of transition from a small family business to a large, sustainable one. The courage of taking risks, the self-confidence, the initial business idea must be completed with some important things that make possible the transition to a sustainable business at larger scale, among which gathering of new knowledge through training and access to consultant services have an important role.

When the company is gaining momentum in the market, people around, competitors or authorities began to suspect that the owner developed his business unlawfully. The audits, gossips, and blame are for many people the major obstacles in their career. Some resize the business, while others sell it, neglect it, and finally abandon it, going back to their old box of civil servant, employee, student, unemployed, farmer, etc. A well-known psychologist, Florence Littauer, said that we grow up in boxes and 'when we go out into the big world, we take with us the walls of our box'. (Littauer, 2009, pp. 171-172)

We cannot know how many people abandoned their managerial ideas due to this kind of circumstances, but research on rural entrepreneurship has enabled us to identify the barriers set to those who still own a business or who intend to become entrepreneurs.

**Entrepreneurs and prospective entrepreneurs in rural areas were exposed to the hardest obstacles in their career at the age of 26.7 years, which means five years after starting their first business.** Employers were challenged the latest, at 29 years old, seven years after the business opening. Students received the fewest barriers, which refer to failing exams or contests.

Employees were affected by competition more than employers. Non-shareholder managers complain of obstacles coming from colleagues and local authorities. In many cases family members and close acquaintances generated the most powerful impediments to entrepreneurs. This is an aspect I also found out during focus groups and interviews, when all the participants referred to the envy of those around. The higher is the education level, the higher are the obstacles (authorities, competition, customers). Envy among colleagues

and acquaintances are stronger in case of those who graduated from private than public universities.

In-depth interviews and focus groups have revealed the following **types of obstacles** encountered at the beginning of the entrepreneurial career:

- Difficulty to pay bank loans
- The mentality of people around
- Lack of professional education and/or training
- Lack of money
- Employees and/or partners
- Laws constantly changing
- High taxes
- Political class, political parties that disturb the market
- Bureaucracy and corruption of public authorities
- Competition with cheap or toxic products made in China
- The economic crisis and the national and international economic context.

With the advancement in life as entrepreneur and chief of enterprise, the most important change occurs at the self-image level. In the end, our concept of our role becomes second nature and an integral part of our personality. We come into the world as individuals, and then we achieve character, and become persons' the sociologist Robert Ezra Park (Park, 1950, pp. 249-250) pointed out. When they start their own business, people begin to leave behind the image they had in their own eyes and in the eyes of others. Studying this issue I have noticed a phenomenon the sociologist Erving Goffman (2003, 35) called 'impression management': some individuals behave in a manner meant to create certain impressions on others. They build a different image about themselves that they intend to impose on others, in order to define the relationships with them. Researching the impressions that rural entrepreneurs think they produce upon people around, and especially upon their customers, I identified a combination of self-delusion, dramatization, idealization, symbolic expressivity, distortion, mystification and counterfeiting of reality. Entrepreneurs think that the others either admire or envy them; they believe the others appreciate their qualities, way of thinking, knowledge and honesty, generosity, hard work, and professionalism.

The change of self-image that entrepreneurs formed of themselves implies a change of **image they have about their competitors**. This enables them to present themselves favorably in a broader perspective. In the process of managing their own impressions, the entrepreneurs are projecting an image of their competitors that is meant to put themselves in a more favorable, slightly dramatic light. Because they are absent from the process of communication, the contestants are listed in depreciative connotations, become a source of amusement, blame, or lament. Their flaws are purposefully highlighted and severely criticized, their qualities are played down or made subject of irony, in a real process of imagological sacrilege in absentia.

Almost all entrepreneurs or prospective entrepreneurs in rural areas think they are the best suppliers of products and services on the market in their field of activity. The competitors

offer lower quality products than theirs. Only 9% of subjects – entrepreneurs over 40 years of age – gave higher grades to some competitors than they granted themselves.

Young entrepreneurs and prospective entrepreneurs perceive those who run the same kind of business in their community as competitors. Those who run the same kind of business in the neighbouring villages, cities, counties, or countries are rarely considered competitors. Respondents who aspire to a managerial career in rural areas do not compare themselves with owners of companies at county, national, or international level, but rather with those who focus on the same market segment they cover. The owner of a small local store does not compare himself with the owners of the supermarkets in the area (from which most of the village people buy), but with another small shop owner in the same village. The owner of a bed and breakfast does not compete with the owner of a hotel from the neighboring village, not even with the owners of guesthouses in the neighbouring communes, but only with those in his village. Therefore, entrepreneurs do not feel a great pressure from competition. The nearby competitors are considered disloyal competitors for offering lower prices, not paying taxes, buying and selling illegally, and hiring employees without contracts.

Asking the entrepreneurs to define the business environment where they live in, we obtained almost exclusively negative opinions: corruption, bureaucracy, favoritism in relations with authorities, poor managerial abilities and skills, difficult access to information, aggressiveness of fiscal authorities, heavy and changing legal frameworks, unfair competition, cheating on consumers, tax evasion, greed, poor organization, lack of opportunities, poverty, inconsistency, and fear.

This somber vision about the business environment in Romania is strengthened also by the huge disparities between urban and rural areas in terms of business opportunities. Almost all those interviewed consider that people in rural areas are less informed about business opportunities than those in urban areas, because they do not know where to look for the right information. The lack of access to information, lack of time to look for it, and lack of help for finding the best opportunities represent significant barriers as well.

Nevertheless, respondents demonstrated a clear vision of their future when answering the question about how they envision their business in 10 years. Numerous of them forecast a solid, mature business, with a long-term partner, with a profit of several hundred thousand euros, with massive investments that improve the living condition of those around, with a large number of employees, with a business at European level, with modern technology, with an extensive and diversified activity, part of a network of business people, able to cope better with market fluctuations, as well as, with political and social changes. A small number of the respondents see themselves giving up their entrepreneurial dreams, leaving the country, or remaining with what they have at present. One can notice from the discussions that the entrepreneurs keep a trace of modesty and self-confidence at the same time. This attitude is even more surprising as almost all entrepreneurs dream to expand their business in other fields than the current one.

### 3. Assessment of rural entrepreneurs' managerial education

Organizational management does not require a specialization as in the field of medicine or engineering. For Henry Mintzberg – a well-known specialist in management from McGill University in Canada – managers are born, they do not learn the ability in classroom.

‘Education cannot pour life experience into a vessel of native intelligence, even into a vessel of leadership potential. But it can help shape a vessel already brimming with the experiences of leadership and life. Put it differently, trying to teach management to someone who has never managed is like trying to teach psychology to someone who has never met other human being.’ (Mintzberg, 2007, p. 17). The job of a manager is to administrate the information, speak and listen to and make decisions. Leadership, in the same way as swimming, cannot be learned just by reading. Managing is an activity that combines much craft (experience) with a certain dose of art (understanding things) and some science (analysis).

Professor Henry Mintzberg's opinion that we should not put too much emphasis on management education, but rather encourage people to enter into the entrepreneurial world to get access to exciting experiences directly, is contradicted by Vivek Wadhwa, Richard Freeman, and Ben Rissing from Harvard University who clearly state that: ‘the better education they get in better schools, the more efficient they build and run companies’ (Wadhwa, Freeman, and Rissing 2008, 2). The majority (92%) of graduates from the first 10 business schools (Harvard University, Massachusetts Institute of Technology, Pennsylvania State University, Stanford University, University of California: Berkeley, University of Missouri, University of Pennsylvania, University of Southern California, University of Texas, University of Virginia) set up businesses or get top managerial positions in profitable US and international organizations. ‘There is a strong positive correlation between the turnover of the biggest companies and the managerial education of their leaders in top business schools’ (Wadhwa, Freeman, and Rissing 2008, 2). The companies founded by graduates of top universities are at least twice as large – taking into account the number of employees and turnover – as the rest of companies registered in USA between 1995 and 2005. Managerial education strengthens the attachment of people to a successful set of values and practices by their integration in an environment based on intellectual effort, in-depth research, and expert analysis.

Along the research on rural entrepreneurship I asked the participants to grant themselves grades from 1 to 10 for education and training they have in several managerial disciplines. The resulting overall average was 7. (Figure no. 1)

Communication is the discipline most respondents had given high grades; students, civil servants and workers on their own boast that they master it at best, while the self-employed know the least; respondents of Judaic religion are the first in the hierarchy by religion, while atheists occupy the last place.

Computer skills received high grades among students, women and atheists, while farmers, self-employed, men and Orthodox Christians gave the lowest grades.

Employers and managers that are not shareholders in their company give the highest grades for business ethics, while the long-term unemployed, the lowest ones. Protestants and Judaism believers give themselves 8, while atheists give 6.

The students think they are better trained in **marketing**, followed by managers without shares in their company, employers and farmers. Employees and unemployed persons think about themselves that have the least education in the field of marketing. Citizens of Judaic religion grant themselves 8, while atheists 5.

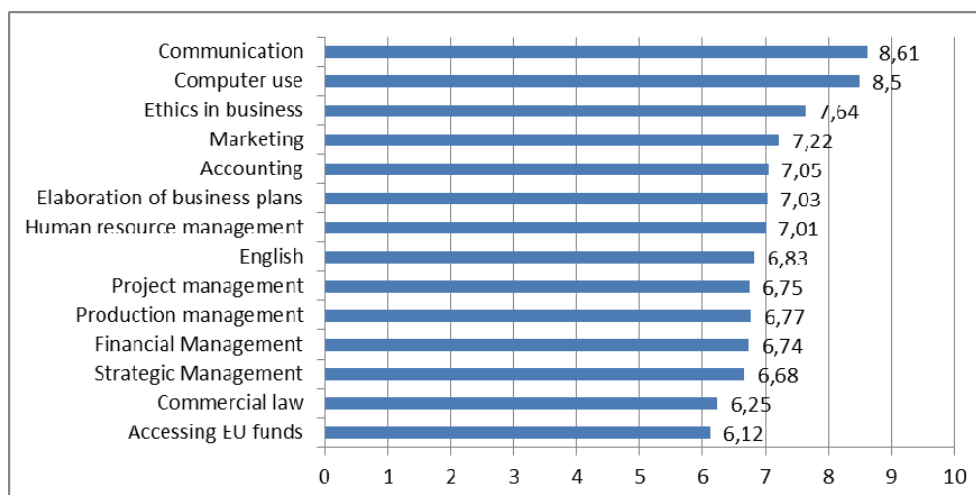


Figure no. 1: On a scale of 1 to 10, what grade would you give to your training and education acquired in the following areas?

Source: Own research

**Accounting** is a subject that women, employers, public officers, graduates of private agricultural or business colleges know better. Men, unemployed, self-employed, Judaic believers and graduates of state medical and Liberal Arts colleges master it the least.

Employers, managers that are not shareholders, Protestants and Neoprotestants hold their supremacy in **developing business plans**. Graduates of schools with agricultural and technical profile, unemployed workers and employees in the private sector give themselves the lowest grades.

Managers that are not shareholders, employers and civil servants hold the supremacy of education in the field of **human resources management**. Unlike Protestants (grade 7.5), atheists (grade 3) and Judaic believers (grade 5) consider themselves as having the least education in this area. Graduates of Arts and medicine grant the lowest grades, while those of law, economics, and humanities will give the highest.

Students and managers that are not shareholders speak **English** very well and small entrepreneurs (farmers, workers, self-employed) are poor speakers of English. Women speak it better than men. Out of the entrepreneurs and prospective entrepreneurs, atheists know English the best.

The highest grades for **project management** were granted by managers that are not shareholders, and the lowest ones by unemployed. Judaic believers and Protestants have much higher grades than atheists and Roman Catholics.

Education in the field of **production management** received the highest grades with employers, self-employed and farmers, and the lowest with unemployed. Men think themselves as being more educated than women, and Orthodox Christians, better trained than those of other religions. Technical and agricultural training determine entrepreneurs to evaluate themselves more favourably than those with artistic or medical training.

Employers, Judaic believers and graduates of business schools (especially private ones) granted themselves the highest grades in **financial management**. The lowest grades are assigned by unemployed, graduates of artistic schools and atheists. Women display a more critical stand in their self-assessment than men.

Business owners think of themselves as the best trained in **strategic management** while unemployed consider themselves as the least trained in this domain. The Judaic respondents shall grant them all 10, while atheists grade themselves with 3 and Roman Catholics, with 5. Grade increases according to the number of years of school education. Out of college graduates, the highest grades are granted to doctors, while the lower ones to those who graduated artistic fields. Men are slightly more generous in their self-assessment than women.

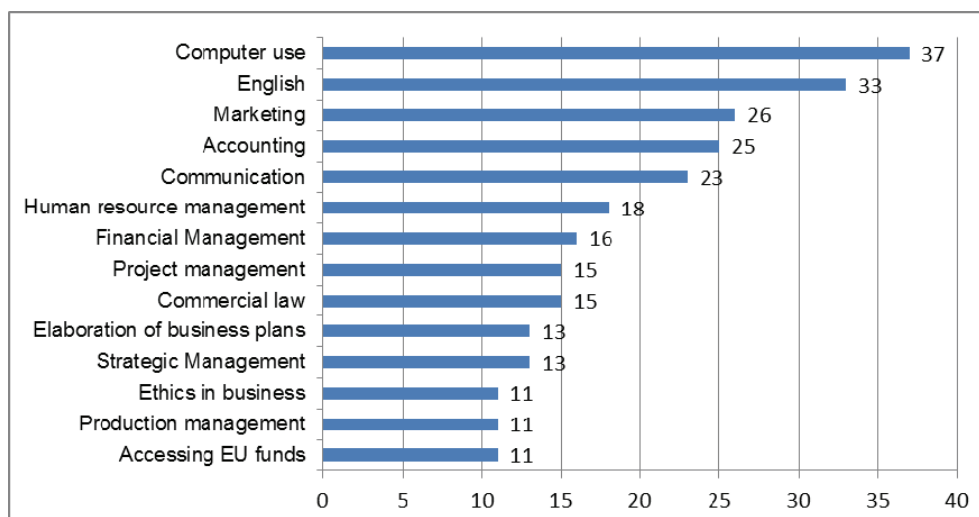
**Commercial law** is best mastered by students and civil servants, and the weakest, by the managers and unemployed. Judaic believers consider they are the first, while Orthodox Christians evaluate themselves as the least knowledgeable in commercial law.

Self-employed believe they have the best training in **accessing EU funds**, while private-sector employees and unemployed persons believe they have the lowest knowledge of accessing EU resources. Those with legal training appreciate they are better trained in accessing EU funds than those with artistic educational background.

In brainstorming meetings we asked entrepreneurs and potential entrepreneurs in rural areas to explain what they understood from the above mentioned disciplines. I have found a general understanding of the issues they deal with, a relatively accurate definition, but an ignorance regarding the research methods, techniques, and analysis of the content elements in these disciplines. Respondents demonstrated little knowledge of management theories and of the specialists who have significantly contributed at developing this field. (Figure no. 2)

They possess rather an intuitive knowledge of managerial issues, than one based on books or attending courses. People know the area of these disciplines relatively well, in the same way they know about the general subject of dentistry, surgery, mechanical engineering, or sociology. The participant display a common knowledge of the issues, without reading relevant books, without attending courses or training programs, without discussing with experts. Morgan McCall calls kind of knowledge as 'learning experience': 'managers consider the work experience as the main source of new knowledge ... They learn more from influential people at work and from the inherent challenges of their work rather than from conventional training programmes and other educational experiences not related with it' (McCall, Lombardo, and Morrison 1998, 184).

Most of the brainstorming participants have acknowledged that once they entered the business world, they found out a series of personal shortcomings. New managers had to deal with unfamiliar fundamental concepts in management. Moreover they had to cope with brand new experiences like collaboration with authorities and various institutions of control, getting new clients, using computer software, supervise, training subordinates to buy or sell in advantageous conditions, dealing with law courts, etc. 'On the job training' by learning from their own experiences or self-training from Internet represented the most convenient solutions of coping with new challenges. Managerial competence based on the information transmitted from instructor to student was compensated by instinct and practice in most of the cases.



**Figure no. 2: Which of these disciplines have you learned in school or during various courses, trainings, programs or projects about management?**

Source: Own research

Besides basic notions learnt in middle and high school and those found on Internet, a wide range of courses and training programs are offered by consultancy companies, training institutes, business schools, universities, public education institutions, etc. Offers vary by style, price, duration, learning methods, trainers, etc. All these constitute ‘an *all-you-can-eat menu* of management training, where managers and their organizations can choose from – a little bit from that, a bit from the other – or an *a la carte menu* with one or two dishes’ (Meister 1994, 96). By taking a look at this self-service practices in this educational buffet, I found that most respondents have never attended it, while a minority copiously took advantage of training offers.

Most training courses were attended by employers, workers on their own and Judaic believers, while unemployed, farmers and Greek Catholics did not attend any of them.

Most entrepreneurs and prospective entrepreneurs in rural areas haven not attended such courses and management training programs not only because they did not want to participate in, or because of lacking the trust in their usefulness, or due to the high prices practiced by some training institutions, but also because most of them (74%) have not had the opportunity to attend such courses. A great number (over 85%) of those with secondary education, farmers, unemployed and persons employed especially in the private sector report that they have not had the opportunity to attend entrepreneurship training courses and managerial education programs, yet they expressed their willingness to attend such programs.

The researching team found out that the more competitive is the respondent’s working environment, the stronger is the desire to attend business training. Those living in the proximity of Bucharest or other major cities declare their intention to participate in training courses more than those residing far from big cities. With the age, the desire to participate in training programs decreases. Excepting the respondents who want to do something in life



radically different from what they had done before (a priest who wants to open a textile factory, a former military officer who wants to start an activity in tourism, a farmer who wants to build a plant for processing milk) and who live their entrepreneurial dream with passion and energy, those over the age of 40 show a lower interest in such courses.

According to our data, despite the decrease in number of business opportunities as a result of the economic crisis, respondents demonstrate a great desire to take part in training courses to develop entrepreneurial skills, although they know the effort they need to make to complete a training program.

One-third of the subjects expressed reluctance towards training programs, not because they refuse the idea of continuous learning about business, but due to various other explanations:

- Courses are too expensive. Even when they are offered at no cost, they involve certain expenses (transportation, postponement of some ongoing activities).
- Courses are rather attractive than educative. People get thrilled during the program, but when they get in the real world, they discover that they learned too little about how to deal with the problems they face.
- Courses are just one of the many ways of learning about business. The Internet provides access to many studies, books, magazines, ideas and business opportunities.

Besides the positive perception of themselves, entrepreneurs and prospective entrepreneurs in rural areas admitted the need for management training, and this need is stronger in certain disciplines and less pressing in others. Training on how to access European funds (63%), followed closely by marketing training (57%), business plan development (53%), project management (44%), financial management (42%), foreign languages (33%), and accounting (32%) are the fields where respondents aspire to improve their skills in.

### **Conclusions**

Research on Romanian rural entrepreneur highlighted a number of shortcomings in terms of management education. Some of these come from the perpetuation of patterns of social life in which entrepreneurial behaviour is not valorised. Even though many of them wish to become successful entrepreneurs, they do not use time in the same way as those entrepreneurs they admire; if they are students, unemployed, housewives, farmers or employees, they live like students, housewives, unemployed workers, farmers or employees around them and not as entrepreneurs: sleep more, waste time on long discussions, shopping, dining, doing domestic chores – as most entrepreneurs do not do because for them time is money and it is the most precious capital.

Entrepreneurs who managed to put up a viable enterprise relied less on formal education for business. Observing other entrepreneurs, working together, or collaborating with them remains the main source of knowledge supporting the establishment and management of new businesses. It is precisely because this knowledge is fragmented and often assumed from only one point of view that the gaps are filled in with legends, myths, and illusions. Most respondents do not have the necessary skills to achieve an objective and fair representation of the economic environment in which their enterprise must be piloted. Brian Tracy notes the opinion of the General Electric president Jack Welch regarding the

decisive importance in business of the so-called "principle of reality". Welch defined this principle as "seeing the world as it really is, not as you wish it would be". It requires dealing in a straightforward way with the reality of a situation, based on facts rather than hopes, wishes or assumptions' (Tracy 2010, 24). At the same time, respondents did not resort to the advice of professionals. Some admire Bill Gates, Dinu Patriciu, Ion Țiriac, Gigi Becali, Viorel Cataramă, Cristian Țânțăreanu, Monica Tatoi, Ion Nicolae or Andreea Marin. All these people are rather TV heroes, people who control huge businesses, but they are not role models for rural entrepreneurs.

One of the most striking conclusions drawn from the research is the absence of any genuine strategic thinking on the development of one's own businesses. Companies in difficulty display a tendency to move in time from one strategy to another. The analysis of the interviews with entrepreneurs and prospective entrepreneurs in rural areas emphasized the lack of a competitive strategy or the use of more strategies at the same time among the young ones, eager to enter the managerial world or those who have recently entered, as well as, among the employees of the public sector. The same applies to a greater extent to those with low incomes and insufficient knowledge about strategic management. Such an approach almost always leads to failure.' (Porter 2001, p. 144).

Neither does the fact of having a formal training in business or management does not guarantee success as an entrepreneur. Robert Kiyosaki (2008, 22) said that 'school does not prepare people for the real world'. No matter how well they studied in school, when people have to take life into their own hands, they discover that have not learned how to succeed and how to reach their goals and ideals. That is why most of them rush to get a job. After a period of working for others on salary, some of them begin studying management books. 'There are five main reasons that impede those with financial knowledge of becoming wealthy: fear, skepticism, laziness, bad habits, and arrogance' (Kiyosaki, 2008, p. 173).

A still small number of Romanian rural entrepreneurs have overcome the fear of failure, and took risks and challenges facing the free market, challenges that their ascendants have not known. Most of them built up a portrait of the successful leader characterized by visionarism, creativity, ambition, courage, seriousness, responsibility, patience, faith in God, as well as, ability to build competitive teams, to select the most appropriate people, to motivate subordinates, to manage crisis situations and take the appropriate decisions. They are aware of the need to improve by learning their management skills, but claim the absence of solutions tailored to their needs. Such solutions will be developed in the next period by corroborating the information provided by the present research with best practices known in the European Union and other regions of the world.

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