

Characteristics of dynamic companies from Romania

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Abstract - The paper analyzes an ongoing research process in growth-oriented SMEs from Romania, especially western region. Our survey is based on administered questionnaires and field research about participating companies. Based on the analysis of 50 completed questionnaires we are presenting the conclusions related to the following: SMEs resources, entrepreneurs as a person, their skills, and entrepreneurial process. Growth-oriented SMEs are founded mostly by entrepreneurs with higher education, especially in their specialization field. Most of them had previous entrepreneurial experience, are very well trained in management and entrepreneurship. Also, they have good managerial skills and a good management team. These entrepreneurs are very market oriented, responsive to clients needs, used an organic growth and their companies are competitiveness.

Keywords - competitiveness, dynamic companies, entrepreneur, entrepreneurial process, growth, leadership, skills.

I. INTRODUCTION

COMPANIES, including SMEs and their entrepreneur-managers operate into a particular economy, society and region that have some characteristics (socio-economical, political, and cultural). The SMEs are required to survive, grow and develop in the local/national environment created by different institutions, peoples, external to it. SMEs must have the ability to utilize and exploit the external environment resources and its internal potential for growth. The external environment in which business and firms are operated can be a major asset in achieving and maintaining competitiveness and can also place constraints upon firm if it does not meet their needs. The entrepreneur and the entrepreneurial process are an important key factor in rapid company growth. Creating a successful business requires successful entrepreneurs with strong entrepreneurial skills. Every success story starts with big dreams and strong motivation. Entrepreneurs need to have a clear vision of what they want to achieve. But they are not dreaming alone. Their dreams became real through people, inside and outside of their companies.

II. LITERATURE REVIEW

Entrepreneurship is currently at the focus of much theoretical, practical and political interest in many countries

including, of course, Romania. Although each school of thought about entrepreneurship activities or entrepreneurial features has its own emphasis and unique point of view, it is quite feasible to integrate them into an entrepreneur competency model, with the possible goal of helping a person learn to be an entrepreneur through the aid of competency development.[1]. Company's growth is a popular topic in entrepreneurship literature. Many factors from internal and external environment are affecting a firm's growth. Growth processes are different from each other firms. We know that growth is not defined and perceived uniformly by the entrepreneurs and management researchers.

Every small firm has a potential to grow. Small firms are growing because of entrepreneurs decisions. Of course, we are talking about a conscious process of thinking. The entrepreneur-manager may decide not to grow, even if the opportunity for growth would appear. There are several reasons for not to grow such as perceived risks, difficulties to manage a large firm, the perception that he/she are not well prepared for growth, etc. [2]

We consider that a growth oriented firm is a company that is aiming to increase its turnover for the next 3 years at a higher rate than the average growth rate of the industry within it is active. The long-term consequence of this approach is that a small company will grow and become a medium-sized company. This process implies both the management of this process and the increase in the complexity of the company. Both represent the most important challenges for the entrepreneur-manager of the company. [3]

In management literature we found that dynamic firms are firms that have grown at least 20% (sales, profit) for each of the last three years. Dynamic company is a business organization which has reached a maximum of 20% sales growth every year, within a set time, starting from the revenue base of at least \$ 100,000, the sales being doubled in the most recent period of analysis (four years). Dynamic companies are an "expression of the dynamic nature of the entrepreneurship, where the competition is dynamic, based not on price but on product differentiation and activities are run in a new and different way" [4].

Through a dynamic enterprise we understand the company that registers over a period of at least three years, a rapidly growing revenues and profits, significantly higher than the average branch and the national economy to which they belong.

Dynamic companies have revealed several features:

- The number and percentage of small dynamic firms are superior to the large ones;
- The proportion of dynamic firms decreases with their age;
- Dynamic firms are found in all sectors of the economy, a higher percentage of dynamic firms are found in those sectors where the percentage of firms with moderate growth is reduced
- There are large differences between countries in terms of branches in which is noted a higher share of dynamic firms;
- The percentage of jobs created by them is much higher than their percentage in business;
- The coefficient of job creation by small dynamic firms is higher than the coefficient of job creation by large firms;
- Costs and high intensity research and development activities of the dynamic firms are superior to other companies [5].

Growth-oriented companies are, for a period of time, competitive. Firm competitiveness is the basic capability of perceiving changes in both external and internal environment and the capability of adapting to these changes in a way that the profit flow generated guarantees the long term operation of the firm. There is an ongoing struggle for survival [6]. Competitiveness should be understood as the ability of companies, industries, regions, nations to generate, while being and remaining exposed to international competition, relatively high factor income and employment on a sustainable basis. [7] Competitiveness is determined by productivity, depends on firm's strategy, is, partially, the results of relationship between firms and local business environment, depends on social and economic objective's synergy and is influenced by factors from external environment. [8]

The competitiveness increase has become the main objective of the social and economic strategies of development over the last decades of most countries, mainly of the more developed ones, of the strategies for sector development in the national economies as well as business strategies.

The competitiveness increase has become the main objective of the social and economic strategies of development over the last decades of most countries, mainly of the more developed ones, of the strategies for sector development in the national economies as well as business strategies. The rapid development of the contemporary phenomenon of globalization which has broadened the global areas of economies, sectors and firms competition has emphasized the importance of their competitiveness for a favourable position in the international competition and consequently measures have been taken to stimulate the determining factors and to benefit of their effects. [31]

We argued that a firm can have an internal/external competitiveness. We said that a firm, in our country/county, has internal competitiveness, when is competing with other firms only in local/national market. A firm has external competitiveness when is competing outside from our country. Of course, a local firm can have both internal and external competitiveness for a short and a long period. This is what our questioned firms want for the future. [3]

Previous researchers indicated that small business development in our country has been influenced by the country's macro-economic factors (economic, political, technical, socio-cultural, legal, and others) and micro-economic factors. In related literature, we have found, at company level, several factors influencing competitiveness: quality of technology, internal infrastructure, quality of internal management, location, entrepreneur-manager's expectations about how business should evolve, firm's history, firm structure, past investment decisions [9].

Romania is evolving, every passing day it is becoming visible the fact that both at macro social and microeconomic level, the national culture and management elements transferred to the Romanian organizations from the foreign organizations management can ensure the economical performance, managerial efficiency and social progress. [10]. The entrepreneurial process involves all the functions, activities, and actions associated with perceiving opportunities and creating organizations to pursue them [11]. Entrepreneurial process is influenced by the personal, sociological, and environmental factors that give birth to a new enterprise.

Entrepreneurs have a higher locus of control than non-entrepreneurs, which means that they have a higher desire to be in control of their own fate. This has been confirmed by many surveys which have found that entrepreneurs indicated that being independent is their main reason for starting their businesses [12].

Some researchers proved that some personality traits are relevant in growth process, too.

Vision has a central importance to defining the basis of a system. It is an image projected to the future; the place the entrepreneur wants his/her product to occupy in the market. This also deals with the kind of enterprises needed to reach such position and provides a guiding framework to reach there. The framework attracts, stimulates and motivates the people working with the entrepreneur. In this way the team feels motivated and eager to work hard to realize the vision [13].

Successful entrepreneurship must learn to take decisions in real time. Real-time decision making process is an analytic process that allows organizations to automate the 'next best actions' based upon their goals and objectives. It embeds real time analytic capabilities into business processes. It analyzes events as they happen, and recommends actions that will most likely influence those events to achieve a set of defined performance goals [14].

In the classical organizations, the roles and decision power relied on the supposition that the managers and have much more knowledge comparative with their subordinates, they know better what and how to do and they are much more involved in the companies' activities.

According to this aspect they are entitled to make decisions, to order, without being necessary a consultation or involvement of the subordinates. The situation is more obvious within the SME's where the chain of authority is straight,

where there are [not many departments and the entrepreneur – manager is the central figure of the organization [15].

It's important to notice that within the SME's the entrepreneurs should also act as leaders at not only as managers. They are the ones who build up a vision and have to motivate the personnel for supporting and implementing the strategies that are thought to be the best ways for achieving the desired performances.

By leadership it is understood the leader's capacity for determining a group of persons to cooperate in achieving of an objective, based on powerful emotional and operational commitment [16].

The leaders' role is essential for the development of dynamic companies as their main legacy is to build up valued organizations that can survive and develop over time. [17].

The leadership can be perceived as the result of the interactions among different constituents. For instance, Amidon and Macnamara [18] have identified seven domains to be analyzed – the so-called "7 C's" of leadership: (a) context, (b) competence, (c) culture, (d) communities, (e) conversations and common language, (f) communications and (g) coaching.

The traditional way of thinking about leadership perceives the leader as a "single" person, all the activities being centered on his personality. This perspective is starting to change showing that leadership, as the entrepreneurship, even if it depends to a large extent by a person, is exercised in stronger and stronger partnership with the other members of the organization [19].

The life of SME's depends largely on the quality of the leadership that is applied due to the direct and fast impact that the leaders' decisions have on the company's functionality and performances.

That's why the native qualities, but also the education that the entrepreneurs acquire is going to play an essential role in business success or failure.

The leader position can be obtain as a consequence of being promoted in a managerial position, case that the management formal job double the leader's informal authority. This situation is called assigned leadership. However there are other possibilities when the leaders emerge as an answer to the needs of a group or collectivity. Now, we can talk about emergent leadership according to Northouse, P., [20].

Another important task for an entrepreneur as leader is developing of a strong organizational culture oriented towards performances. Being aware of the organization culture characteristics and of the ways through which they can be modified, can help the entrepreneur to assure a better congruence among the elements of company culture, employees' needs and aspirations and company's objectives.

Of course, of great importance are the values that the entrepreneurs bring within organization, how they succeed to convey to the personnel and the support that they provide in order to foster their internalization [21].

The entrepreneurs' values are more important when the

dynamic companies have to face a more and more competitive environment and the creativity and innovation prove to be key elements in building up distinctive competencies for SME's. Designing and implementing projects in SME's means that the entrepreneurs act more as leaders that encourage the management decentralization process, supporting a larger autonomy of the personnel in making decisions and contributing to a greater flexibility for these companies [22].

The purpose of our research was a better understanding of the characteristics of entrepreneurs managing dynamic companies (small and medium sized enterprises), from Western region.

III. METHODS

Our research is based on the following assumption: the entrepreneur's profile and competency are key factors in successful dynamic companies. The research method included mail telephone, survey, personal interviews of small business owners.

The sample included only active companies with official income statement and balance sheet. We have selected a number of 50 SMEs from Western region. These SMEs have more than 5 years experience. In our sample, we have found firms with more than 10 years of experience in business world (30% from all questioned firms). The companies questioned were from different fields:

- services, 72%;
- production, 18%;
- construction, 5%;
- others, 5% .

These companies are in front of first 50% of competitors. We used an explorative research. We have administered questionnaires and field research including interviewing the entrepreneur (in some interesting cases). We used an official companies database. We included focus questions about entrepreneurs (abilities, education, entrepreneurial experience, training, managerial skills, leadership) and their firms.

The questionnaire, (we sent them this questionnaire) has 23 pages, 6 sections (with subsections) and 111 questions. The first section contains information about founder, firm, field, employers, turnover (basic information). The 2nd section (the entrepreneur) contains information about the entrepreneur: education, training, experience, skills, motivations to start a business, success factors. The 3rd section (companies' profile) contains information about human, physical, financial resources and companies' performance. The 4th section contains information about business environment. The last section contains information about entrepreneurship and ethics. This questionnaire was used in a previous research of a finished grant about SMEs competitiveness, directed an managed by prof. Bibu Nicolae, PhD.

After we have analyzed the preliminary data, the questioned firms were divided in two categories: the first category included growth oriented SMEs (continuously growth of turnover and profits) and the second category included SMEs

with some growth problem (their managers want to grow but their firms is in a stagnation period). We have identified a group of growing companies, small and medium, that are achieving strong performance (financial performance) better than the average of the group. The study regarding the financial performance of the analyzed companies is based on absolute values in turnover and net profit.

We received questionnaires and processed them through SPSS program. The processing of the questionnaires was done by using SPSS, calculating for each associated database variable of those questionnaires, the relevant statistical indices. The following conclusions emerged after processing, which we summarize respecting the order of the 6 parts of the questionnaire.

For the last 5 years we calculated the average growth rate for net profit and turnover registered by the firms in the sample. Firms were divided into four equal groups (depending on the three quartiles of average growth rates) thus obtaining ordinal variables (firms with very high dynamics (4), high (3), low (2) and very low (1)). The reason of the processing was to create the possibility to apply both methods, the specific methods of scale type data of report as the initial data were recorded, as well as application of specific methods for ordinal data.

For the average growth rates of report scale was used the analysis of variance (ANOVA). As grouping variables (explanatory) were used the nominal and ordinal variables representing different aspects of business, change management, external environment and the effects of single market integration. The objective of this analysis was the observation of significant differences in the dynamics of profit and turnover between firms grouped by various characteristics. As a significance test was used the Fisher test and for measuring the strength of association was used the Eta coefficient... Average growth rates on a scale of 1 to 4 were tested in terms of ordinal association with variables that have allowed this kind of correlation by using the Gamma your Kendall-b, your Kendall-c coefficients, Somers'd symmetric and Somers'd asymmetric (average growth rate dependent variable). All these specific contingency tables indicators, vary between the interval (-1.1), a positive value indicating a direct correlation. As the correlation is more intense the coefficients value is closer to the ends of the range.

For ordinal data were also applied association coefficients specific for the nominal variables (coefficients that can be applied to a lower scale and can be applied on a higher scale, not vice versa). The reason of their use was that these nominal variables coefficients are not sensitive to specific issues on linearity and monotonicity. Therefore using symmetric and asymmetric coefficients as Lambda, Goodman and Kruskal tau, the symmetric and asymmetric uncertainty coefficient and the Cramer coefficient was tried to capture the non-linear and non-monotone relationships. These factors vary in the interval (0, 1), a value close to 1 signifying a strong relationship. For asymmetrical coefficients average growth rate was considered

a dependent variable.

The considered levels of significance were 1%, 5% and 10%.

We did an explorative research. We focused our attention on entrepreneurs (abilities, education, entrepreneurial experience, training, managerial skills) and their firms. Our supposition is that successful entrepreneurs possess a combination of personal traits, entrepreneurial skills, motivation, that help them to initiate and to well manage the entrepreneurial process. Growth-oriented SMEs are managed by entrepreneurs-managers with proactive behavior.

Our approach is that local SMEs should be able to detect and adapt to specific changes in the environment and within the company by way of meeting competitive market criteria, permanently more favorable than their rivals.

Our research hypotheses are:

- Successful entrepreneurs possess a combination of personal traits, managerial skills, motivation, that help them manage their business;
- Dynamic companies have something in common;
- Dynamic companies have financial performance above average.
- Dynamic companies are competitiveness.
- Dynamic companies are growth-oriented.
- In dynamic companies entrepreneurs are proactive leaders.

IV. RESULTS

In our study (companies from first category- growth-oriented, continuously growth) turnover was growing in the last 5 years, and the profitability rate was 18% (per all) with some differences: IT, (40%), production firms (18%), constructions (12.5%), trade (16%). It is important to discuss about growth process. These results were possible through a combination of factors including internal (managerial skills, good team, good management process) and external factors (growth demand for their products in local markets, growth in population buying power, opportunity for investments financing, infrastructure modernization). Overall, 45.5% of surveyed SMEs said that increasing demand for company products / services in local markets is an important positive factor that could affect business. Statistical significance is strong ($\gamma = 0.04$), for poorly performing firms the indicator influence is more powerful.. Performing companies say that demand's growth is not so important, the given explanation being that they are addressed mainly to other national, international markets. The relationship is non linear and difficult to interpret..

In the last 5 years, excepting 2009, it was a time for growth. The net profit grew continuously, and the average rate was 9.55%/year. These firms possess internal competitiveness, in other way they are able to strive in the Romanian market. Their products are sold in domestic market [23]. For 2010 year, they have estimated a decrease in sales, turnover, profits. Our assumption is based on processed information about their profits (there were able to earn profit), their market share (the

majorities of questioned enterprises are in front of first 50% of competitors), their ability of perceiving changes in both external and internal environment and adapting in short time to these changes, their ability to maintain their financial equilibrium.

Competition is very strong. 48,23% of the companies evaluate the influence of the competitor's growth on profit as being important. The statistical significance is good enough ($\gamma = 0,04$). There is a direct correlation between the index and the factor, 50% of the surveyed firms assessed that the influence of this factor is strong on the indicator of the average growth rate of turnover. Statistical significance is quite good (Kendall = 0.06). The relationship is direct: the higher the threat, the stronger the factor's influence.

The entrepreneur is the key factor in the entrepreneurial process and in the growth firm process in our study, from gender point of view 70% from entrepreneurs are men. Are men more successful entrepreneurs than women in Western region? It is hard to say that but as we know from previous studies, this factor is not relevant for business success. In the last years, in Western region, the percentage of women who become entrepreneurs is increasing (in Romania, 30%. From entrepreneurs are women. In starting a business there is no discrimination between women and men. After that, some problems, may occur in relationship with stakeholders because of lack of trust

About the entrepreneur's position in their company, all of them are owners, all of them are also managers in their company, in most of cases they are top managers.

According to age, 23.5% from questioned entrepreneurs-managers are between 36-40 years; under 40 years - 59%; above 40 years were 41% (see Figure nr. 1).

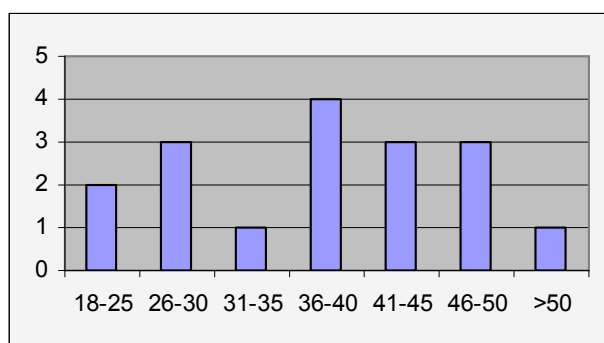


Fig.1 Entrepreneurs by age

Entrepreneurs are different and we can say that they have different behaviors concerning company growth. The entrepreneurs from the first categories of SMEs (continuously growth of turnover and profits) have the ability to exploit opportunities for growth, faster than the others entrepreneurs. They have also an entrepreneurial behavior, being able to rapid recognize the need for innovation or for some changes in their firms and act of them. In all questioned SMEs, we found

that entrepreneurs were mature people.

Education is a very important factor in business but as we know, is not so relevant for startup companies. People with some entrepreneurial education are more prepared to exploit opportunities than others. Education in business and management will be very important, in the next few years, in the case of growth-oriented companies. 60% from questioned entrepreneurs have higher education and only 3% have post graduate school. Higher education helps people to understand quickly the business environment, market economy laws, contribute to forming and developing a systemic thinking very useful for management process. We agree that "an entrepreneur who can design a great product but cannot manage employees, time, inventory, or finances will not be able to run a successful business". The types of knowledge that entrepreneurs need cover a wide range of topics. Management knowledge is essential and helps them to understand the growth process of a local firm (firms created by local entrepreneurs).

Concerning specialization, 60% from questioned entrepreneurs have technical studies, 34%, economics studies, 6% others. Specialization seems not to be a relevant factor for business success in our sample. We did not also identify that entrepreneurs with economics studies are more oriented towards growth than others.

96% of questioned entrepreneurs have worked in private companies and state owned companies before starting their own business. 63% of them were in top positions and all of them have had managerial responsibilities. 90% of them had a previous job in successful companies and were inspired by them. All SMEs managers had the desire to grow fast.

We found that the main motivational factors for starting a business were: financial independence 96%, being own boss 100% and prestige 84%. Some entrepreneur have, from the beginning of entrepreneurial process, the desire to grow their business. They are very growth oriented entrepreneurs-managers. We found this to be true in 25% of cases. The business success depends on internal and external factors. All of questioned entrepreneurs said that success factors for their business are:

- product quality, 33%;
- organizational skills, 27%;
- good relationship with clients, 27%;
- personal networking, 18%;
- good marketing, 12%;
- innovation 6%.

Their perception about local competition is the same: it is very strong and it will be very strong. New entrants are expected to appear in their fields. Concerning their business and ethics, all of them said that there are not problems with ethics.

For 2010 year, they estimated a decrease with 10-20% in sales, turnover, profits.

In a study managed by professor PHD Nicolescu O., concerning Romanian entrepreneurs, companies performance

depends on their entrepreneurs/managers priorities. In according with research results, the most frequently managerial priorities in the Romanian SMEs are the following: marketing activity intensification, (in 58,14% questioned companies), product diversification, (41,95%), human resource education and training (40,13%), new technical acquisition, (36,31%), implementing IT systems, (35,12%), introduction of new modern systems for quality management, (32,03%), managerial restructuring/modernization (29,03%), actions for pollution limitation, (26,75%), buildings constructions, (24,66%) and equipment replacement (21,57%). Most of entrepreneurs, more than 30%, are aiming at managerial modernization. This is a very important conclusion which reflect the facts that most of them are becoming aware of the importance of using a modern managerial methods and techniques in management process [24].

V. FINDINGS

We consider that the quality of the entrepreneurs is influencing entrepreneurial process. The quality of entrepreneurial process is a factor which differentiate growing firms from the non-growth businesses. The education and the mindset of the entrepreneurs is influencing the managerial process.

The factors that differentiate growing businesses from non-growth companies include mainly dynamic variables. The main factors identified as important for continuously growth were the following:

- improvement of managerial skills;
- distribution channels;
- cost reducing;
- modernization of technology;
- growth in production capacity;
- improvement of people motivation.

Just having higher education is not sufficient to achieve success. All of entrepreneurs agree that managerial skills, including leadership, are very important. These are developed through experience in managerial jobs and training. We found that growth oriented firms were managed by proactive not reactive managers. Successful entrepreneurs-managers makes good decisions, have an attitude for growth, have a good team, use primarily their own resources. They have identified an opportunity to grow, decided to exploit it. They have created conditions for growth and are very close to customers and responsive to their needs.

All of the entrepreneurs found that developing fast can create problems in the future of their firms (risks to be met).

Many firms are fast because they are proactive in perceiving and exploiting an opportunity. They are using favorable trends and want to be dynamic. Most of the growth oriented firms have invested in human resources. Attracting qualified people for key positions are priorities for managers.

We also found the followings:

1. Forecasting time horizon is limited under two years; no

strong future oriented.

2. The firm objectives are correlated with personal objectives;

3. Even if they are strongly focused on financial aspects business, they are in permanent crisis state because of lack of cash;

4. Entrepreneurs are very focused on day to day operations;

5. Insufficient knowledge of managerial methods and instruments;

6. Some local entrepreneurs have not a culture oriented to performance.

A possible explanation of these findings is coming from cultural aspects. A previous research, GLOBE Project Romania – Global Leadership and Organizational Behavior Effectiveness was carried out by a consortia cooperation of 12 Universities from different regions of Romania. The purpose of this research phase was to: collect data meeting the GLOBE sampling policy; present a descriptive statistics of Romanian societal culture; make some comparison with worldwide data and position Romania on the European map of cultures (especially Latin and Eastern Europe) [25]. Team project focused on 9 variables: Power Distance, Uncertainty Avoidance, Institutional Collectivism, In-Group Collectivism, Gender Egalitarianism, Assertiveness, Human Orientation, Performance Orientation, Future Orientation. We will describe each of the nine variables according to the following sequence: first, defining the cultural variable according to the GLOBE monograph, second, present world statistics of the respective variable, both the societal practice (as it is) and the societal value (as it should be). [26], [27].

Romania's societal values in absolute measures are rated as medium on Power Distance (score 2,78), high In-Group Collectivism (score 6,12), have high ratings on Uncertainty Avoidance (3.66- 5,39), medium Performance Orientation (score 4,92) and relatively high Future Orientation (score 5,56), and other cultural dimensions (medium Institutional Collectivism – (score 4,98), Gender Egalitarianism – (score 4,63), low to medium Assertiveness – (score 4,53), Humane Orientation – (score 5,30). So, Romania is distinguished as preferring low power distance (less hierarchical), highly group oriented (cohesive in closer communities), strongly not tolerating uncertainty, low on performance orientation and focusing on the future, rather than the present [28].

The first variable is Power Distance that represents the degree to which members of an organization or society expect and agree that power should be stratified and concentrated at higher levels of an organization or government. Higher scores indicate greater power distance.

The second variable, Uncertainty Avoidance is defined as the extent to which members of an organization or society strive to avoid uncertainty by relying on established social norms, rituals, and bureaucratic practices. Higher scores indicate greater uncertainty avoidance; lower scores indicate uncertainty bearing

Romanian middle managers seem to perceive a society

focusing rather on the present than planning for the future, however expecting substantial improvement in Future orientation of the Romanian society [29].

The team finds that Romania is distinguished as having high power distance (hierarchical), highly group oriented (cohesive in closer communities), tolerating uncertainty, low on performance orientation and focusing on the present, rather than the future. Romania is distinguished as preferring low power distance (less hierarchical), highly group oriented (cohesive in closer communities), strongly not tolerating uncertainty, low on performance orientation and focusing on the future, rather than the present.

Romanian middle managers do not seem to perceive a social environment that encourages and rewards performance, but although expecting substantial improvement in performance orientation, these strive for being more performance oriented is still lagging well behind other countries improvement expectations.

Social environment is not encouraging and is not rewarding individual, nor group performance. On the contrary, the widely accepted belief is still that if you are a rich person, you are not fair, not honest, and not a good person. We consider that reasons for that are first, the former communist ideology based on collective property, egalitarianism and interdiction of accumulating wealth, leading to the vilification of rich people and destructive envy towards those being better well off. Being rich was not moral, and every rich individual was subject to legal prosecution. The law assumed that a rich person has to demonstrate that his or her wealth was due to legal activities, because a rich person was by definition guilty of illegal activities. On the other hand, there is a belief that one doesn't get a proper and equitable reward according to his or her efforts and dedication. This belief is maintained also by the motivational system that doesn't reward sustainable performance. Doing things right is an obligation, therefore is normal, so there is no need for a reward. So, there is no incentive for doing them better. The orthodox faith, that preaches and emphasizes modesty, humility, acceptance of one's situation, might be another explanation. It has to be said that orthodox faith preaches also hard work, doing things right, living a moral life.

Gender Egalitarianism is the degree to which an organization or a society minimizes gender role differences while promoting gender equality. A higher score indicates gender egalitarianism (femininity) and a lower score indicates greater male domination (masculinity). Romanian middle managers seem to perceive and expect femininity and gender egalitarianism in the Romanian society in a relatively masculine world.

Romanian middle managers seem to perceive and expect much more collectivism, cohesiveness, and cooperativeness in their closer community (family, or organization) compared to their perception on their broader social environment which they feel more individualistic and competitive.

Main reasons are the following:

- Romanian people's cultural traditions, based on the high importance given to family (the extended family type), family values based on intense ties, being much stronger than societal values [30].

- Changes during the 1990's that led also to weakening and desegregation of groups such as friends, large family, did accentuate the nostalgia for paternalistic values and for the protection once offered by belonging to strong groups.

Romanian middle managers perceive relatively high power distance and would like to substantially reduce this high power distance in their society. One reason is the traditional character of the Romanian culture, based on the concentration of power at the top of the society, organizations, villages, family. Orthodox religion has been developing a strong cult for hierarchy, obedience and submission to the authorities in charge. It has been accentuated by the strong influence of the Orthodox Church in Romania, based on the Romanian people 2000 years long Christianity. It is known in the traditions of the Orthodox church that one of the twelfth apostles of Jesus Christ, Saint Andrew the First Chosen, has preached the Christian faith to people living in the Eastern part of Romania, called Dobrogea. Today, most of the Romanian people (87%) declare belonging to the Orthodox Church, while the church is the most trusted institution in Romania, usually 85% of respondents, according to polls.

Romania belongs to Central and Eastern Europe, sharing many of its history, geography, civilization, religion and culture. A distinction however, resides in his Latin character of the language, unique in the region. Another one is the early adoption of the Christian faith, in the first century AD, and the consequent belonging to Orthodox Church, and little adoption of Catholicism, or protestant religion. Many Romanian historians consider Latin-based language and Christian orthodox religion contributed decisively to keeping its distinct identity by Romanian language speaking population, in spite of the fact that for centuries they lived in three main political entities: Moldova, Walachia, and Transylvania. The political unification process happened between 1859, when Moldavia united with Walachia, and 1918, when Transylvania and other Romanian provinces, united to Romania and formed the Kingdom of Romania. The Romanian state is quite young, but the common civilization of Romanians, and subsequently, their culture is two millenniums old. Romanian managers are aware of the cultural differences between Romania and European clusters as a reference basis. Therefore, their aspirations are related to LE cluster and to Anglo-Saxon cluster than the perceived existing culture.

Another reason is the heritage of the communist authoritarian system, based on developing a highly centralized society, both in politics and economy. The communist Romania was a dictatorship, where a small group of people controlled tightly the reigns of power, with the support of a mighty secret political police, of a communist party structure that pervaded the whole society and of an all encompassing central planning system that reinforced tough rules, aimed at

destroying individuals and emphasizing collectivistic approach.

We consider that the pressure of social and political forces, from the European Union and internal to the Romanian society, for social and economic change and for democratization of the Romanian society, is a major factor for this score. The process is still underway going towards a half-decentralization, through a process of power decentralization from the center of the system towards regions and local level. We appreciate that power is still being perceived as concentrated at the level of people in top position at various levels of the society, and not delegated to the bottom level of individual citizens. The balance of power is still strongly biased towards the upper end of the society. Middle class is still developing, although the situation is improving fast.

The structure of the management system at societal level is another reason for this result: at top level managers mostly belong to the older generation, managing mostly by "experience"; at middle level, managers are of a medium age and young, possessors of new managerial competences developed in the new market economy. At Front line level, we found mostly very young managers. This managerial system is filtering the access to power and blocks the hierarchical promotion of new generations, due to the conflict between "experience" and "competence" and a source of power.

In sum, Romanian societal culture is not supporting a cult for performance. A tendency for being "easy going" in personal life and take things as they happen represent other possible explanations for this quite low score. However, we consider that a change is happening while the gap between current perceived situation and personal expectations is quite significant, from a score of 3.52 for societal practice to a score of 4.92 for societal values.

Future Orientation is the degree to which individuals in organizations or societies engage in future oriented behaviors such as planning, investing in the future, and delaying individual or collective gratification. Higher scores indicate greater future orientation.

Romanian middle managers seem to perceive a society focusing rather on the present than planning for the future, however expecting substantial improvement in future orientation of the Romanian society.

The score for „should be" is at world average. However, practice indicates a focus on present, an orientation towards daily problems, mainly because they are perceived of being urgent and complex. Today is more certain than tomorrow (future). Uncertainty of the future is little tolerated by Romanians. A strong reason is the fatality of the Christian orthodox religion that states that God's will is greater than one's will, and all the things and events happen because that is the way they should happen.

Romania is in the process of westernization of its institutions and societal culture.

Within the knowledge based organization towards which some of the dynamic companies tend to reach the use of the

command and control traditional model of management is not anymore valid, the employees being able now to possess richer knowledge than the entrepreneur in certain fields.

Consequently, it becomes more and more important that the entrepreneur of dynamic companies to act as a real leader, able not only to command, but to create a vision and to mobilize the potential of his team. Now, the emphasize has to be placed on leader's abilities for convincing the employees to expand and use their knowledge. Knowing how to do the things becomes a day-by-day preoccupation for employees at all level, in their race for survival and development.

It's the leaders' art and science in succeeding to mobilize the creative energy of the people and to be able to build up bridges across different departments in order to leave the information and knowledge to flow free throughout the organization.

Romanian managers perceive the outstanding leader as a performance oriented, benevolent, inspirational charismatic, team integrator, decisive, administratively competent, visionary charismatic, integrity, diplomatic, and collaborative. They expect him or her to show integrity in their managerial activity, to be virtuous, to inspire people as example of morality. They also expect the outstanding leader to consider their employees as valuable internal stakeholders of the organization, and consequently adopt strong team oriented leadership behavior, but don't expect from him or her participative leadership approach. However, the trend is towards a larger acceptance of employees as internal stakeholders. There is an acceptance of current cultural practices of the fact that the outstanding leader should not show modesty, and should not be compassionate and generous. Finally, being egoistical is not ethically accepted behavior for the Romanian outstanding leader [25].

The learning process isn't enough to be carried on just at individual level or small groups, but a learning network should be developed throughout the organization in order to get this dynamic that will bring the expected results. Inside the dynamic SME's the interactions among people are much higher due to the low number of staff members and the need of the entrepreneur to share the information, but also to be able to control the company's activities and evolution.

It is highly recommended that these organizational leaders try to answer to the questions [15]

- Which are the clients' requirements and needs?
- To what extent what we do contribute to achieve the "added value" for the beneficiary?
- How is perceived the product/service offered by our organization? Which is the organization image for different stakeholders?
- Which are the coordinates for an organization to evolve in order to assure a maximum of satisfaction, both for the direct beneficiaries and other stakeholders?

Knowledge based organization are very sensitive and attentive at the market evolution. The sensitivity increases due to the fact that more employees are aware of complex

relationships between organization and its environment. It is amplified the perception of their own role within the organization and the impact of individual and group performance over the global results.

The economic crisis that affected the whole planet proved to have an important root in the management and leadership crisis!

Romanian companies had suddenly to face a strange environment, very different to everything that they experienced till now! The challenges of very changeable environment, with a wide range of variables modifying rapidly their characteristics, placed a lot of stress over the entrepreneurs and organizations.

They briskly started to move from managing their resources for consolidation and development to cutting and managing costs in order to survive as much as possible!

How to be sensitive to stakeholders needs and expectations and you have to carry out your own battle for survival? What messages to send to your people and community when the scarcity of resources is higher and higher?!

An interesting issue is the reaction of the entrepreneurs who understood that the crisis succeeded to teach them some tough but valuable lessons for the future. First, they focused on the accounting measures with the stated objective of cutting costs in all fields in order to be able to support the survival of the organization. But, next, they understood that they weren't prepared properly for such situation! Nor them, nor their staff!

So, it appeared as a normal approach the need for investing in learning, in developing those competencies that are able to better equip the personnel with the knowledge about market, organization and themselves!

It's obvious that the development of competencies in the field of leadership at the level of SME's is a process that requires time and money, precious resources under these difficult circumstances. But, at the same time, it can be seen a shift in the entrepreneurs perception, especially for those that qualify as leading dynamic companies, that learning start to represent a strategic option, with direct and propagated impacts at all organizational levels.

In the knowledge based organizations the learning becomes a key element, both for large and SME's. It represents an element that can support the company's differentiation to its competitors.

An issue that has to be treated with a lot of attention is that of the relationships between entrepreneurs and managers as leaders and their co-workers! They have to discover those levers that in an uncertainty environment, could determine the employees to be innovation and change oriented, with direct influence over the companies' results!

The investment in organizational learning is a kind of new concept for Romanian SME's! The leaders of dynamic companies seem that they carried out some faster steps in this direction. Their approach is related to the concerns regarding the seeing of a higher competition and more sophisticated markets.

Consequently, they started to realize that a narrow bunch of people, no matter how well they are prepared and valuable, can't replace or balance the ignorance or the insufficient training of the employees from different hierarchical levels.

That's why the „learning” term becomes a central point for SME's leaders who see that the expansion of the employees' knowledge creates the premises required by building a strong organization, able to connect better the organization's objectives with those of customers, suppliers and other stakeholders.

It is a direct connection that is built up in time and needs a lot of investment, both organizational and personal from the part of the leaders.

At EU level the situation is more favorable for SME's due to the existence of numberless programs and mechanisms that assist the entrepreneurs and their employees in developing the necessary competencies for leading or working in the particular conditions of a small or medium sized enterprise.

Another factor with a positive impact that came out from our research is the existence of a positive climate and supportive culture for entrepreneurial activities. There are real partnerships among SME's, consulting companies, non governmental organizations, that contribute to the development of a healthy business environment and support the companies to take easier advantage of the market opportunities and to strengthen their competitive position.

As the world is in a continuous change, sustainable development is one of the most important concerns for SME's and their leaders as they are trying to keep the pace with a wide range of challenges in a dynamic context, with a lot of uncertainties caused by fast evolution of different economic, technical, social variables!

These are some important aspects that the Romanian entrepreneurs in dynamic companies should pay more attention and should be able to achieve an international know-how transfer in the field of entrepreneurship and leadership, under the circumstances of being important actors in building the knowledge based economy and society [15].

Research limitations are the following:

- The study is restricted only to entrepreneurs' characteristics;
- We did not focus on a specified domain of activity.

The most important implication of the study is that analyzing growth should concentrate on the dynamics of firm development rather than on static characteristics of the entrepreneur or the firm”

VI. CONCLUSIONS

According to our observations, the growth process differs between firms, but still they had certain similarities. Entrepreneurs have the desire to grow their business. They actively look for opportunities to grow. Most of the companies had chosen organic growth strategy but some had grown also externally. Growth-oriented firms are very strong market oriented and very opened with clients. In these SMEs, entrepreneurs have a strong motivation to grow, some of them

from the beginning of the business. All the growth-oriented firms had been profitable before they started to grow. We also noticed that the board of directors of these SMEs, made of professional management had an important role in explaining the success in managing the growth process.

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