

# **THE IMPACT OF ACTIVITIES DEVELOPED BY THE PROJECT "CENTER FOR INFORMING, CONSULTING AND MENTORING IN ORDER TO PROMOTE THE ENTREPRENEURIAL CULTURE" FINANCED BY EUROPEAN SOCIAL FUND IN ENTREPRENEURSHIP TRAINING**

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**ABSTRACT** - The project "Center for informing, consulting and mentoring in order to promote the entrepreneurial culture" provides a package of up to date basic knowledge in the following domains: management, marketing, law, communication, financial, banking and information technology, to a target group of 460 members from rural areas, in order to develop the entrepreneurial spirit. The project also provides mentoring and consulting activities for an estimated group of 40 people which will start an independent activity and for 50 existing businesses.

The value of the project can be quantified both in terms of quantity and quality: the target group members were recruited from disadvantaged areas of Romania; their desire to become successful entrepreneurs was stimulated by providing them successful business cases; the basic principles in entrepreneurship have been given; the best students and those who start an independent activity after training will earn awards.

Keywords: entrepreneur, entrepreneurship, training, consultancy, mentoring, anticipated results, sustainability, sustainable development, business plan.

A group of professors, animated by the initiative and teamwork spirit, developed the project "Center for informing, consulting and mentoring in order to promote the entrepreneurial culture", starting from the motto: "the performers survive and are able to impose their business on the market."

The project is part of the Sectoral Operational Programme Human Resources Development 2007-2013, priority Axis 3 "Increasing adaptability of workers and enterprises" DMI 3.1 "Promoting entrepreneurial culture" and is implemented under the financing contract SOP HRD / 92/31/S/57836 of 15.06.2010.

The objective of the project, which is funded by European irredeemable funds, is to increase the entrepreneurial potential of five developing regions in Romania, through development of entrepreneurial culture, improving competitiveness and adaptability of current and/or potential entrepreneurs on medium and long term.

An entrepreneur assumes a number of risks, but in the same time he calculates the efficiency of the started and conducted business. In the starting stage, we ascertained that expertise is important, but even more than, the adaptability and responsiveness to the business environment.

The starting point in the project implementation was to identify and determine the level of entrepreneurial culture in areas of Bucharest-Ilfov region, South-Muntenia, South-West Oltenia and North-East Moldova. In order to raise the awareness of the target group members on business opportunities, we organized an experience exchange and transfer of best practices with representatives of EU countries, namely Portugal, Italy and Belgium.

We were surprised by the highly developed entrepreneurial spirit of the Portuguese people, noting that in 5-10 days after the dismissal of an employee, that employee will certainly start a business and become his own master.

In Italy, the volunteering is very well developed and the social economy is well legalized, which helps that creation of new jobs. Employment agencies are able to manage the work labor market, to inspire confidence and

optimism through rational and sufficient arguments in order to give the necessary confidence to the public. The results obtained give assurance that the human resource training is needed.

In Belgium, we learned how the free movement of persons is facilitated, in the perspective of the next stages of progress of European integration. Solutions are given in order to eliminate all the issues which can short-circuit the natural process of training, specialization and labor market insertion. The framework needed for inter institutional cooperation is created, so important in the development, on the one hand, of the institutions and, on the other hand, of the human resources.

Through the experience exchange, we accumulated information regarding primary and secondary legislation, working procedures, performance assessment methodology, professional training, etc.

The idea that multidimensional and anticipatory modeling of the human capital is consistent with labor market demands determined us to perform a transfer of best practices with entrepreneurs from the 5 areas in which the project is implemented. These entrepreneurs presented their successful business in Romania, as well as ways and means for implementing them, in order to make them known to the project's target group.

Because we found out that the Romanians show a low entrepreneurial spirit compared to other European countries, we became motivated to develop theoretical knowledge, to form the necessary practical skills and to create for the target group members the necessary capabilities in order to see as many of them become entrepreneurs.

After long discussions, the implementation team established the educational content of the training materials and the training methodology, in order to generate an increasing number of businesses in the areas of the regions concerned.

We found that changing legislation creates uncertainty among those interested to develop their own business and the inability to develop long-term plans.

Lack of entrepreneurial education, which in Western countries is done in the school years, is another reason for the poor level of initiative recorded in Romania. Organizational culture and mentality converge in achieving a quick, maximized profit, but with minimal or no effect on long term. Romania should develop a new generation of entrepreneurs, with necessary skills in order to change this, something we've tried in our training activities. From the skills, we tried to develop the following ones: accountability, adaptability to various situations, spontaneity, insight, initiative and, last but not least, the managerial spirit. All these help the young entrepreneurs to identify and implement appropriate strategies for market penetration and survival on the market.

In our project, we also organized in the targeted areas consulting and mentoring offices for young people eager to start their own business and for existing investors. Together with them, we identified the strengths and weaknesses, opportunities and threats which affect existing or desired business. We gave them the necessary knowledge to elaborate a business plan. We continuously encouraged entrepreneurship, in our believe that it is a solution to boost competitiveness, to have economic growth and for job creation.

The creativity and initiative of our trainees helped us to pass to them the necessary knowledge in order to be able to recognize and understand the opportunities even if they do not have sufficient resources when starting a business.

Although our expectancy has been to train 460 people, we have exceeded this indicator, reaching over 500 people trained. We successfully instilled trust, flexibility and desire to rise on their own. We instilled to the target group members the idea that, despite cash-flow problems, entrepreneurs have more advantages over a corporation: decisions are taken at the appropriate time, any change in the market is perceived immediately and may trigger a quick response.

Starting from the idea that entrepreneurship does not require extensive development, we have advocated for small companies, which have the ability to become the peaks of the chosen market segment. Flexibility, customer proximity and management strategy matters. In this respect, our young entrepreneurs have to face competition, to apply the law, even if it is not permissive, and fight with their own inefficiencies, assessing risks and ensuring that they are able to avoid them.

At the first glance, a company's survival seems to become easier as turnover is higher. The current crisis demonstrates, however, that it is not the case. Companies are going through hard times, and entrepreneurs must

exercise caution and foresight capacity. This requires an efficient construction of the business, although we can see in the Romanian spirit the sight of bankruptcy and the desire to destroy the merits of the winner.

Often the underworld world and black market is mistaken with the business world, something that can destroy entrepreneurship. If the entrepreneur is able to build a business as the result of hard work, of market research and knowledge acquired in training, it shows that the business can be successful on long term.

During training classes, we received confirmation that the ones who started businesses from the target group members are the ones who have imagination, are creative, have leadership qualities and can use complex methods. Our training experts, through the modules presented, helped the future entrepreneurs to understand that they should not apply “the specialist myth”, but to build their own business in terms of management, legal, of market requirements, financial, accounting and tax, and take into account the ethics and moral issues and social communication.

The business plan does not represent a series of successive stages, but has to be approached by correlating all its aspects (legal, economic, etc.). The first step in building a business starts with choosing the object of activity. In this respect, our entrepreneurs have made effort to identify, at local or regional level, the products or services needed by their company, for which the current supply may be deficient or insufficient, and its transmission may bring a competitive advantage.

The customers will reward the satisfaction of their needs, so that will transform the work, imagination, risk and entrepreneurs’ capital into profit. The entrepreneurs who are able to create the need for a product or service which is not needed at first sight will achieve a major success. For this, the entrepreneur must have information on customer desires and their expectations from a product or service. But let's not forget that, if a business turns profitable, it will attract many entrepreneurs on the same market, which will increase supply and lower prices.

A key role in business success it is advertising, especially if the targeted market segment is comprised of young people. After they have identified the market segments of a product or service, entrepreneurs have been trained to choose the desired target segments using the marketing strategy. We made them aware of the types of marketing strategies (individualized marketing, differentiated, focused, etc.), and our trainees tried to identify the best strategy looking at the following criteria: socio-economic, psychological (the lifestyle of customers), behaviors, etc.

As a starting strategy, they made projections of their business at a desired market share and profitability threshold. They then chose their vision, meaning the way they see their business after 1 to 5 years (how and how much their business will develop). In order to do this, they applied different scenarios like: (i) entering new markets, (ii) diversification of products, (iii) enhancing the production, goods or services, (iv) sale of business etc. The following step has been to decide on the tactical objectives in pricing in order to identify the key customers, to recover faster the capital invested, to discourage competition and to achieve a high return on investment.

As one obligation of the entrepreneur is to know, understand and interpret correctly and in the favor of his business the laws, norms and standards, training experts have provided guidance to the target group members to select the type of company, to prepare the incorporation papers, to choose the company name, to organize an auction, etc.

We recommended the entrepreneurs to use a computerized forecasting and budgeting, control, transactions system. We offered advice to them on computer technology and office equipment. The entrepreneur shall also have enough accountancy knowledge in order to be able to choose the accounting figures which have to be correlated with the calculations from the managerial accountancy. In this respect, training experts have provided sufficient knowledge to the prospective entrepreneurs to help them understand the content of financial statements and take decisions based on the information disclosed by them.

If the entrepreneur makes a profit, he is aware that tax on profit is due to the state. Not only profit is taxed, but also the salary income, dividends, building, land, vehicles, etc. Therefore, fiscal rules have been made known concerning the determination of the taxable object of the tax base, the amount of tax, fiscal declarations and payment terms concerning taxes.

The increased ability of the newly trained people led to a number of 25 new business in the five locations of the project.

To enjoy the results obtained through training, the best members of the target group will win different awards. We developed the procedures for conducting contests and awarding prizes based on the entrepreneurial ability of

target group members. We focus on results and creating value, on the ability of the management to achieve objectives and to use the resources more efficient and effective. This project's management applies management practices, ethical and consistent practices, has proven its integrity and fairness and ensures transparency. The project's management was rewarded by the trainees through solving problems and implementing the plan, by the increased morale, harmony and cohesion of the project teams for the project's objectives.

Our current and potential entrepreneurs seek and accept responsibility. They must feel they are their own masters, and their employees work to have a purpose that they could understand. Entrepreneurs need to put in all their skills in order to motivate their employees, so that they enjoy professional satisfaction and achieve their aspirations.

The next step is, therefore, that the new entrepreneurs trained by us to look for ways to maximize the motivational effect and to find an effective stimulating system. An important step is the human resource planning, recruiting, human resources management, training and individual development of employees, but also the performance measurement in order to correctly assess their professional development.

To ensure the sustainability of the project, we have in mind for the next period the necessity of giving advice on the way the organization is built, whose substance is represented by leadership and management, vision and structure of values. In this respect, we will check through accountancy the financial position and performance of the company. However, performance is not sufficient unless it is accompanied by a positive cash flow.

Therefore, we shall focus on drawing up cash flow budgets, we will practice together with the entrepreneurs the calculation and interpretation of financial indicators as the preparation of the financial statements. For entrepreneurs who are also investors, we will make a parallel between investment in the company, investment in properties or a bank deposit.

For the designed business, entrepreneurs have learned to have a representation of the assets, liabilities and equity of the company, financial position and of course, the performance, represented by the profit obtained and earnings per share.

## **CONCLUSIONS**

The results or what follows after completion of the project highlights the fact that it is sustainable on long term. Based on these considerations, the project contributes to the development of entrepreneurial culture and encourages the entrepreneurship of individuals willing to start a business and existing entrepreneurs from the selected regions, especially in disadvantaged rural areas.

The encouraging and forming of the team spirit, as the increase of knowledge in finance, legal, informational, fiscal, managerial field is the objective of this European project.