

# DEVELOPMENT OF ENTREPRENEURIAL CULTURE INSIDE SERVICES ORGANIZATIONS

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## **Abstract**

*The entrepreneurial culture inside services organizations implies a detailed analysis of the human behavior specific to a business management and to its financing. The development of this culture implies the expression of a set of actions which lead to placing the services form into a certain market sector where one can achieve the competitive advantage, ensuring the success of the entrepreneurs' business.*

**Key words:** *entrepreneurial culture, services, competitive advantage,*

**JEL classification:** *B41, D03, L84, M54.*

## **1. INTRODUCTION**

The entrepreneurial culture aims the set of knowledge and behaviours necessary to develop the business environment and to perform the management processes, under conditions of efficiency and creativity. Starting a business represents the starting point of a large activity, based on the free initiative of the entrepreneurs. At the services organizations level there is observed the maintenance of an economic structure based on the individual property concurrently with ensuring an institutional framework favorable for the entrepreneurs' free initiative. The large majority of entrepreneurs are found in the field of services, as freelancers, and earning incomes from independent activities such as legal services providers (notaries, lawyers), informatics services (hard and software), architecture and topometry services, real estate cadaster services, management and marketing consultancy services, transport services and telecommunication services. The entrepreneurs' success implies taking risks in achieving the working processes specific to the services field and attracting specialists, motivated labor force, and achieving performances in their activity. The managers of services organizations must be aware of the services features related to the material goods and especially those regarding the concurrency of production and consumption, and also the inseparability between services providers and beneficiaries. These features determine the development of entrepreneurial culture by a business plan that should optimize the resources and time consumption.

## **2. OBJECTIVES IN DEVELOPING THE ENTREPRENEURIAL CULTURE**

The development of the entrepreneurial culture implies the expression of a set of actions which lead to turning a services organization into a market sector where one can achieve the competitive advantage, ensuring the success of the entrepreneurs' business. Entrepreneurial culture implies creativity and an innovative spirit in establishing the object of activity and a lifestyle that leads to turning a passion or a private interest into a profitable business both in financial and social terms. This objective cannot be achieved only by perseverance and stress resistance, by supported work and by considering possible failures. Any initiative in the field of rendering services implies designing a well structured business plan, oriented towards a market niche available at a certain moment, monitored and assessed

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on different periods of time in order to know its feasibility level. Entrepreneurial culture considers the development of social relations and partnerships with consumers, customers' retention by providing services according to the users' expectations and also extending the contact areas of entrepreneurs. In the large and heterogeneous field of services, their basis being represented by the quality of human resources and the performances achieved in the rendering process, ensuring the necessary time for the entrepreneurs to focus on the customers and on the strategies to be followed in order to become the best in the chosen field.

Financing the activity of services organization represents a decisive element in starting a business. Activities rendered imply performing various expenses with the materials purchases, technical endowments, utilities, rents, salaries of executive and management staff, marketing, management consultancy, travel expenses for business purposes, insurances, credits and their related interests. These expenses can be paid from own and attracted financial resources, from the funds established for supporting the business. Entrepreneurial culture provides answers to this matter of ensuring the income resources and to synchronize the financial flow, the payment of production and administrative expenses and to ensure stocks for business development and extension on the market, establishing a reserve fund for limitative periods of sales. Through the entrepreneurial culture there is achieved the funds collection by efficient use of the business plan and testing the competitive market, the market of potential customers and by promoting services through advertisement. In this purpose one resorts to financial predictions, costs assessments and impact analysis of the services on the market. The funds established for building and developing a services organization can be the own sources and the family ones, bank loans (with precise information on the level and rate of interest, reimbursement deadlines, responsibilities undertaken, level of banking fees, etc), governmental funds (special funds and loans plans, the rates and costs implied, time resources, types of agreements and the amount of the funds granted). Entrepreneurial culture provides the information sources by contacts with entrepreneurs, using the databasis, the existence of investors interested in the field of the respective business.

### **3. OPERATIONAL PROGRAMS APPLIED IN ROMANIA**

The relatively recent Romanian experience (2007-2013) was based on the cofinancing from the European Social Fund by operational programs in the following fields:

- Regional Operational Program to support the balanced and sustainable economic and social development in the Romanian regions;
- Sectorial Operational Program, on increasing competitiveness of Romanian economy, in order to decrease the gaps towards the average productivity at the level of the European Union;
- Sectorial Operational Program for the development of the human resources by correlating education throughout life with the labor market;
- Sectorial Operational Program for environment, in order to decrease gaps on the environment infrastructure in terms of quantity and quality;
- Sectorial Operational Program of transport for the promotion of a sustainable system that shall allow the efficient travel under security conditions of persons and goods according to the European standards;
- Operational Program for the development of the administrative capacity in the economic and social benefit of the Romanian society, improvement in quality and efficiency of public services provision focused on the decentralization process;
- National Program for Rural Development as financing instrument in the support of state members in implementing the common rural policies;

- Operational Program for Fishing, for ensuring a modern and dynamic fishing sector, that shall ensure the environmental protection;
  - Operational Program of Technical Support in order to ensure the necessary support for the coordination process and efficient implementation of the Romanian structural instruments;
  - Territorial Transborder, Transnational and Interregional Cooperation Programs. These operational programs applied in our country make multiple references to the entrepreneurial culture in various operational sectors, including within services organizations, for which there has been required business financing, from structural funds. For example, the project cofinanced from the European Social Fund, through the Sectorial Operational Program “Development of Human Resources – Investing in people!” has provided under Axis 3 the following financial support:
    - promotion of entrepreneurial culture through entrepreneurs and entrepreneurship as strategic career alternative (grants)
    - training and support of adaptability for the employees’ security, professional training, competitiveness skills, adaptability and flexibility
- The same POSDRU program “Investing in people!” has provided under Axis 4 modernization of public employment services with the following financing:
- consolidating the Public Employment Service for the provision of these services; quality in employment services and efficient employment services;
  - training the staff of Public Employment Service for professionals on the labor market and active persons on the labor market

Entrepreneurs that support social services projects can resort for grants through USAID provided by the American Government, United States Agency for International Development provides financing up to 2.000.000 USD, in order to enforce social services projects. These projects must include an innovation in the field of social services and to propose actions that should generate a social impact, the partnership conditions between the services organizations and non-governmental organizations with USAID being the one on the website: [http://www.usaid.gov/business/business\\_opportunities](http://www.usaid.gov/business/business_opportunities)

#### **4. BUSINESS PLANS AND OPERATIONAL PLANS IN THE LIGHT OF ENTREPRENEURIAL CULTURE**

The knowledge elements in the field of entrepreneurial culture aim starting a business in the field of services or the business development in this sector. Both cases imply the drafting of a precise, coherent, active, periodically reviewable business plan with reserve alternatives. The plan needs a precise structure on the concept and the business opportunity, the services description and of services market, identifying customers and of the competitive companies, establishing the management and executive team, financing sources and risks assessment. The manager of services organization aims the fulfillment of the operational plan designed as a result of entrepreneurial culture by which there are identified the necessary production capacity, the technological process, locations of the technical and material basis, organizational structure of the company, the necessary staff for execution and management, the necessary capital, the volume of production expenses, material supply and services rendering, services quality, protection against risks, environmental aspects, and legal regulations in force.

Entrepreneurial culture considers the proper knowledge of the competitive services organization depending on which there are established the tariffs policies of the services provided to the customers, the delivery tactics, with the trading purpose, establishing the competitive advantage of the own company, related to the market competitors. Specialists in services management have available the method of business diagnosis by which there are

identified the strengths and weaknesses, sending recommendations which support the business initiation and development. Diagnosis implies the drafting of a strategy within the services organization, identifying the action environment, and of the exogenous and endogenous factors that influence the process of services rendering, assessment of financial risks and the market risks, establishing new organizational formulas. At the same time, entrepreneurial culture informs the entrepreneurs on the risks related to a business, in the field of services, namely the financial, management, competitive, market and marketing risks. Basically, there must be analyzed the following aspects causing risks:

- changes in the competitive environment;
- significant increase in the production costs;
- inefficient marketing actions;
- sales volume under the anticipated level;
- modest performances of the employees;
- improper cooperation between the service providers employees and customers;
- non-fulfillment within due time of the financial obligations to the providers;
- the lack of cash in key moments;
- deficiencies in serving the customers;
- improper quality of the services delivered;
- deficiencies in information and communication management;

Reducing the related risks is subject to the strategic plans of the services organizations, having effects on the periodic verification of the financial and accounting documentation, services performance according to the market studies, the adjustment of alternative techniques for rendering and delivering the services, optimizing relations with the customers and ensuring a correct image of the services organization.

## **5. MARKETING PLANS AND ENTREPRENEURIAL CULTURE**

Entrepreneurial culture in the services organizations pays a special attention to marketing strategies and plans. They imply the description of the services market potential where acts specialized organizations, dividing the market with the purpose of grouping the customers on geographical, demographical and psychological criteria. Marketing strategies provide information to entrepreneurs related to the organization forms and implementation of business plans, with the purpose of reaching the desired performances, boosting the services delivery, mitigating the competitive influences, forming the management team and estimating the budget of the organization on a certain time slot, including the services distribution to final consumers. Speciality managers consider the services policies, the services pricing services, the promotion policies through advertisement and of distribution. These policies are established after performing the marketing research and aim to ensure the sale of promoted services. The business plans and the marketing plans are important for entrepreneurs and, especially, for the investors interested in purchasing the business or of the services rendered, ensuring thus the activity financing. In this context, there are necessary the financial situations regarding the revenues and expenses budget, the cash flow, the accounting balance sheet, the profit and loss account.

Marketing plans provide the entrepreneurs useful information on the profile of the management team and the responsibilities in reaching the objectives settled. Scheduling the development in time of the specific actions is important as it ensures the conditions of implementing the business, opportunities valuing and gaining incomes, implicitly profit.

## 6. DEVELOPMENT OF ENTREPRENEURIAL CULTURE

The current phenomena regarding globalization, sustainable development, environmental issues have led to the development of the entrepreneurial culture within the services organizations. The organizational changes become rapid and permanent, turning into objective factors of perfecting the working processes, of boosting the increase in competition between companies and adjustment to the changes in the services market. Significant aspects appear in the companies' culture and environmental protection, identification of new technologies and alternative resources, with effects spread over protecting the health, creating a working climate favorable to increase in the life quality.

This goal generates a paradigm change regarding the process of rendering the services, in harmonizing specific activities, in assessing human resources and in managerial thinking. Current entrepreneurial culture considers orientation towards the diversified production of services, in conjunction with the level of demand on the market, and the customers' preferences, performing differentiated services, and of higher quality, the prevalence of services intensive in intelligence and knowledge, innovative technologies, creating the competitive advantage and the services predominance related to the material goods.

Development of the entrepreneurial culture determines managerial changes at the level of the services organizations, changes that aim for flexibility in functional hierarchy, communication in all economic directions, fulfillment of an intensive feedback, development of global market, and of the companies networks, cooperation and transfer of knowledge. In this context, there appear and are developed new paradigms in the management of human resources, labor diversification and enforcing flexible working schedules, mobile jobs organization in rendering and delivering services.

## 7. CONCLUSIONS

The new entrepreneurial culture reflects changes occurred in the philosophy of services organizations. These changes must be known and monitored as they relate to sensible aspects, related to the companies' vulnerability under the conditions of developing the activities within a turbulent environment, and the employees' empowerment into valuing their personal skills, and the innovative spirit. Currently, there becomes relevant the development of some integrated units such as small and medium companies, with a facial management, and with harmonization techniques of differences between employees. The entrepreneurial culture implies a teamwork culture and a managerial style which should ensure the development of human condition of the human resources.

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