

A Nation's Culture and its Openness to Entrepreneurship: An Established Liason Notes about the Situation in Romania Today

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Abstract

The “overview” culture of the nation we live in has an overwhelming influence. A strong entrepreneurial culture is the foundation of a dynamic economy. It reflects the measure in which a certain country's society supports the entrepreneurs' ideas and initiatives and the way in which it can direct its young people towards a career in business by developing the necessary skills in them. Its geography and history, its Latin origin and its orthodoxy determine the diversity of the Romanian culture's characteristics. Being positioned at the intersection of multiple national cultural influences, the Romanian culture is in itself difficult to describe. At the same time, local culture is encyclopedic, not specialized, which is very useful for the transition period, in which a business promoter has to solve a great deal of problems in the most diverse domains. Living in a culture which favours the improvisation, the Romanian entrepreneur paradoxically found it an opportunity, especially since he had started with all odds against him when compared with his Western European competitor, armed with know-how, funding or the back-up of his country of origin.

Key words: culture, entrepreneurial culture, Romanian culture, economic growth

1. Culture, Economic Growth and the Entrepreneurship

A certain community's culture can seriously influence the level of its enterprising spirit. (Casson, 2002). A community which grants the higher status to the people heading the hierarchical organizations encourages the “pyramidal ascent”, while granting the highest status to professional specialization may encourage the prematurely specialized education. Both are detrimental to the enterprising spirit. The first dictates ambition without innovation, while the second neglects the relevant information generated outside the limits of a certain profession. Granting a high status to the ones who work “on their own” would more likely lead to the encouragement of the enterprising spirit.

The entrepreneurial culture is one that favours a positive social attitude towards the entrepreneurial approach. (Burns, 2011).

A strong entrepreneurial culture is the foundation of a dynamic economy. It reflects the measure in which a country's society supports the entrepreneurs' ideas and initiatives and the way in which it can direct its young people towards a career in business by helping them develop the necessary skills. A strong entrepreneurial culture means a bigger tolerance for failure and the acceptance of the vital role of the entrepreneur in creating new jobs.

Harrison (1997) offers a relatively simple definition for culture: “culture is a set of values and attitudes which determine the individuals' actions and the interaction between the members of a society”. He defines the “values” as being “ideas or behavior precepts that have been granted importance by a society”, and “attitudes” are defined as the ways in which people learn to react to facts, circumstances and problems.

Hofstede(2001) talks about culture as being “the collective programming of the human mind which distinguishes the members of a group or of a social category from others.”

Besides these internal, deeply rooted values which are difficult to change, a country's cultural capital also comprises the models. Models can be powerful instruments for the stimulation of entrepreneurship. One such instrument could be family: but also the new models presented in the media.

There seems to be a considerable inertia in the entrepreneurs offer. A reason for this could be that culture affects the offer and culture itself changes very slowly.

The enterprising spirit is one of the great means of social and economical development. Research has revealed that many of the most successful entrepreneurs are the offspring of professionals or entrepreneurs. They owe a great part of their success to the education received from their parents and to the contacts inherited from their family. Thus, in most societies, social mobility is insufficient for the changing of the entrepreneurial culture only by changing the origins of the enterprising elite. In this case, the entrepreneurs who are “on their own” often adopt the culture of the elite, neglecting the interests of their business to the benefit of the social and politic activities, and they even raise their children in the spirit of following a “more respectable career”.

Answering the question: “What exactly does generate the development?”, Gunnar Myrdal concluded his masterpiece, *Asian Drama: An inquiry into the Poverty of Nations* (1968) with the idea that cultural factors are the main obstacles in the way of modernization. They not only hinder the entrepreneurial activity, but they also penetrate, rigidify and conquer the entire national system in its political, economical and social dimensions.

To put it in a nutshell, culture, whatever its exact definition, represents a combined image of the political and economical world in a society. In fact, culture is in itself a kind of productive force as well. (Vaduva, 2004). According to the assertion of some Chinese researchers, politics, economy and culture are the three “mechanisms” every society has; and only when all these work in harmony, the society as a whole can evolve rapidly. (Xuewen, 1997).

According to “The Entrepreneurship Barometer” (carried out for the G20 summit in Nise, in October, 2011), at the end of the survey conducted on more than 1000 entrepreneurs, it was concluded that:

- The innovation ability is perceived as a key factor in the approach to improve the entrepreneurial culture in the G20 countries;
- The economies with a strong entrepreneurial culture are more tolerant and more understanding towards failure in business and they don’t regard it as an entry barrier, but as an opportunity to learn;
- These countries make an effort to promote successful entrepreneurial stories in universities and in the media;
- Entrepreneurs consider that the most effective way of promoting the entrepreneurship is by emphasizing its role of creating jobs.

2. Geert Hofstede’s cultural indices and the entrepreneurial culture in the USA

In the 60’s and 70’s, professor Geert Hofstede from the Maastricht University conducted a research on the difference in values between the IBM employees in over 40 countries. Hofstede’s conclusion was that an organization’s employees will tend to appropriate the “practices” indicated by the organization, either local or foreign, but they will keep their “values”, that is, the values of the culture they belong to, which characterize them.

He has eventually become famous for the identification of the 5 pairs of dimensions regarding the national culture – individualism/collectivism, big/small distance to power, big/small risk taking, femininity/ masculinity and long/short term predictions.

The index distance to power may function as a barometer for the level of corruption that a certain culture favours.

The individualism index may be a reference for the GDP per capita, in the reverse order: the more the GDP grows, the more the level of individualism grows.

The uncertainty avoidance index signifies the degree of tolerance towards minorities, the openness towards the adoption of new technologies and the amount of time spent for the strategic planning in organizations.

The long-term guidance and its opponent, the short-term guidance may indicate the level of savings made by the people in the given culture as well as the level of investments in real estate.

It was argued that an “entrepreneurial culture” cannot be identified; a favourable environment is needed, one that combines social, political and educational attributes. (Timmons, 1994). Still, many people assert that the USA have the most “entrepreneurial” culture in the world. It is indeed, an “achievement-oriented” society, one that appreciates individualism and material prosperity.

According to Welsch (1998): “Entrepreneurship is intrinsic to the North American culture. It is discussed at the family supper, practiced by preschool children at their lemonade stands and daily promoted by the media with personal success stories. Moreover, the entrepreneurship is taught in schools from the first grade until the 12th grade, it was integrated in the curriculum of colleges and universities and it is promoted and explained by means of numerous programs, including the Small Businesses Development Centers which exist in every American State. As a result, the entrepreneurship as a career option is very early and consequently presented in the life of the American citizen. “

It is said about the Americans that they have a “conquistador” kind of economy, which is always in the race for the conquest of new frontiers. (Burns, 20011). They are restless people, in perpetual movement. They have a strong tendency towards freedom, the individual is free to fight against the institutions. The rebel, non-conformist youngster is the accepted norm. “The American dream” is based on the metamorphosis from the most modest individual in the strongest one, metamorphosis which is most often measured in money.

“The accomplishment” is praised and popularized at the level of the entire society. The individual believes he is in control of his destiny. The Americans think “big”. Nothing is impossible. They prefer the new, or at least the improved. They worship the innovation. Time is their most prized possession. They are indulgent with those who make mistakes, as long as they learn from it. Things should be made quickly, rather than being made perfect.

By using Hofstede’s indices, the USA, the model of entrepreneurial culture under discussion is defined as a strongly individualistic culture, a masculine one, with a small distance to power and with uncertainty avoidance. It is a culture that tolerates risk and ambiguity, prefers flexibility and both encourages and rewards personal initiative. It is a terribly competitive culture, the country of the “free market economy”.

Dedication and competitiveness are the essence of the “American Dream”. The key to success in the USA is the “achievement”, and all the mechanisms to reward it with money are present and working. It is an informal culture. According to “The Declaration of Independence”, all people are born equal, but at the same time, they have all the freedom to accumulate the kinds of wealth that will make them very “unequal”. This is the true “frontier culture”. (Burns, 2011).

This is, thus, the anatomy of an entrepreneurial culture: a culture which encourages enterprise and entrepreneurship, one in which the probability for an entrepreneur to be not only born, but also made, is the biggest.

This is the kind of culture which other countries have tried to promote and develop, because it encourages the development of the specific traits of successful management.

This culture, combined with other previous influences, is said to be the most fertile environment for the growth of the most valuable resource a country may have: the entrepreneurs.

3. Geert Hofstede and Romania

In his work, *From Da to Yes: Understanding East Europeans*, published in 1995, Yale Richmond asserts that Romania has “the most confused and unstable culture in East Europe”. Its geography and history, its Latin origin and its orthodoxy determine the diversity of Romanian culture’s characteristics. Being situated at the intersection between multiple cultural national influences, the Romanian culture is in itself difficult to describe. (Vaduva, 2004). According to a study conducted by Interact, which used Geert Hofstede’s methodology and his instrument, Value Survey Module 94 on a sample that was representative for Romania’s population, the five dimensions presented the following values:

▪ Individualism/Collectivism

The Romanian population indicated level 49 on a scale of 0 to 100, where 100 means high individualism, and figures smaller than 50 reveal a collectivist society.

Starting from the communist period – when even the Romanian people’s thinking was collectivized -, the Romanian culture nowadays is moving towards individualism.

There are multiple arguments which prove the actual development of individualism in Romania: reorientation towards the Western culture, the tendency, visible especially in the ranks of the new Romanian entrepreneurs to definitely use, both on a personal and a professional plan in their growth Western models; the emergence of private property, which motivates and requires courage and initiative in economy; the newly emerged trend towards making profit, towards wealth and power accumulation, and towards a high social status. (Vaduva, 2004)

▪ **Distance to power**

The distance to power in the Romanian social, economic and cultural environment was and will probably remain high. (according to the aforementioned study, the level of this index is between 70 and 80), because the Romanian society is still structured as a pyramid based on education, family environment and income. The top of the pyramid continues to be the dream of all Romanians. Secondly, the middle class is almost nonexistent. Its absence determines the even bigger growth of the distance to power between the social classes. The biggest part of wealth seems to be divided between the members of a small percentage of population. Thirdly, most Romanian institutions are still characterized by a complex hierarchical structure – a great number of hierarchical levels. (Vaduva, 2004). Through this behaviour, Romania signals a need for authoritarian leaders, for decision centralization, and the population desires to follow the rules set by such leaders.

▪ **Masculinity/ Fertility**

Although at first sight many would assert that Romania is a country with a culture oriented towards masculinity, the results of a study contradict this assertion. Romania is also a feminine country, which is to say that the members of society seek a cooperative environment and require the support of all the members of society, regardless of their gender. Also, women are less competitive and they don't pursue promotion and gain at all cost. The number 39, on a scale of 0 to 100 places Romania in the family of countries where the roles between the two genders are not predetermined. And in which men can easily take on domestic responsibilities. The bad news is that society's feminine values determine a lower degree of competitiveness of local organizations against those on the external market, and the Romanian employees will not contribute positively to the improvement of the situation. Since the feminine values appreciate personal free time and cooperation to the prejudice of performance objectives, the Romanian companies will allow foreign companies to take their place on the market without a significant fight.

▪ **Uncertainty Avoidance**

A high level of uncertainty avoidance was registered for our country – 61- which proves that the population has a high degree of anxiety regarding the future and that it prefers the certainty of today to the uncertainty of tomorrow: “a bird in hand is worth two in the bush”. Such a society cannot make strategic long-term planning because future thinking triggers defensive mechanisms.

Over time, due to the historic context, the main objective of our country's inhabitants was survival. This fact determined the Romanian people to avoid uncertainty, first and foremost because most of them are confronted on a daily basis with the problem of sustenance. Of course that since the satisfaction of the fundamental needs of life (according to Maslow's pyramid) remains problematic, the taking of risks with a view to reaching certain goals is less likely. Besides, in Romania there is no risk-taking culture. During the past regime, the government used to make all the important decisions, and the belief that the government is responsible for everything still persists in many Romanians' mind.

• **Short/Long Term Orientation**

Romania registered, as expected, the lowest score at the long-term orientation, with the exception of South-East Asia. The short-term orientation score – 41 – indicates an inclination towards the present and the past to the detriment of the investment in the uncertain future, as well as a low level of savings for the future. Short-time orientation is one of the root causes of the low level of reinvested capital and of the “get rich quickly” tendency.

4. Romania today

At present, what is happening in Romania is not a simple transformation of the economic structure. The transition that Romania undergoes requires fundamental social transformations, the change from a system governed by only one party to a general democratic system.

The entrepreneurship within the state-owned organizations contributed to the development of the so-called „companies of the elite” through the transition. Many managers and leaders from these state-owned corporations, as well as former politicians, used their parallel circuits in order to privatize their corporations for themselves. Normally, this form of entrepreneurship is unproductive and even damaging to the economic growth and to the forming of new business. Probably one of the fundamental conditions of success in the entrepreneurship in a transition economy is the creation of networks, a way of obtaining access to business opportunities and to resource mobilization in an unstable environment, characteristic of transition. The most transition-period entrepreneurs agree that relationships and knowledge were and still are essential for the survival in the context of transition. Because they rely on mutual confidence, relationships diminish the risk of the business in an unstable and sometimes hostile economic and political environment.

However, beside the lack of a cultural heritage, Romanian entrepreneurs also lack to a great extent the entrepreneurial models and methods, according to Marius Ghenea, series entrepreneur with a few successful businesses exits in the post revolutionary Romania. “It is very difficult to create entrepreneurial models in only 20 years of democratic and economic market development. And the few models that do exist are very rarely presented to the public interested in the entrepreneurship, due to a tabloidization of the media and to the fact that the business media, (the only one presenting such models) still has a very much niche audience”.

Regarding the lack of models, things are very clear as well. “In a country with a long entrepreneurial culture (in the United Kingdom, the modern entrepreneurship began with the Industrial Revolution, 300 years ago, compared with the mere 20 years of entrepreneurship in Romania), if an entrepreneur has a problem, he knows where to look for the answers, resources and information are available, there is the possibility of finding best practice models in the same industry or in similar businesses, the transfer of knowledge is much simpler, so that the best practice models reach much faster from one entrepreneurial business to another”, also said Mr. Ghenea.

Professor Eugen Burduş (2002) considers that “the fact that Romania joins the rank of countries with a diffuse culture, rather than a specific one also has consequences in the management of organizations.” For example, as far as the structural organization is concerned, within the Romanian organizations the tasks, competences and responsibilities for both the performing jobs and the managers are not very clearly determined. In the decision-making domain, the Romanian culture’s characteristic of being diffuse is materialized in the great prevalence of criteria in which personal interests are taken into account in the choice for the optimum choice in a given decision-making situation. These criteria depend to a great extent, in the Romanian context, on the person or people who actually make the decision. With the Romanian people, everything takes on personal aspects, there are no strict, professional things, the management touches the emotional where it shouldn’t.

Conclusions

We consider that a big part of the current problems (lack of seriousness and of punctuality, the severe lack of aspiration for the long-term planning) originate from the fact that the Romanian mindset is the product of a culture that was centred on the idea of survival, a non-developmental culture. (We don’t believe in future planning because it won’t happen anyway or because someone may come at any time and take away what you have built).

Still the models, whether or not conscious, are Westerners, which creates an interesting, unique combination, which sometimes can be very effective. The Western model creates psychological pressure for efficiency, economy, competence, while the boemian spirit, which is specific to the indigenous culture may oftentimes be very creative, especially in improvising in unspecific situations.

At the same time, the local culture is of the encyclopedic, rather than specialized kind, which is very useful and fitting the transition period, in which a business initiator has to solve problems from the most varied domains. We believe that few entrepreneurs coming from mature cultures would have done as well as have the Romanian entrepreneurs who initiated a business.

In our opinion, the efforts made on the educational dimension could be very effective in the current context of the ideological transition on the one hand, in conjunction with the truly spectacular diversity of the media channels. Romanian people need to be freed from the prison of their complexes, derived from the exacerbation of certain defects that are otherwise common to the whole human race: passivity, lack of solidarity, fear of competition, of failure, lacking the pride of doing something well.

We believe that psychologically, we are not far from the point where the right impulse will be able to dramatically change our perception and expectations in such a measure that we will be able to witness the beginning of a revolutionary change of mindset – since this is actually what it’s all about and what is desired. It remains to be seen to what extent will the elites – whose duty it is, in fact –be willing to get involved and to change the face of a nation which has a great potential.

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