

## Entrepreneurial Success in RM Based on the Development of Business Negotiations

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**Abstract:** Anyone can become enterprising if they have the desire to grow, the curiosity to face challenges and overcome obstacles. This motto was argued by the foreign development partners of the Republic of Moldova in the context of the development of a sustainable national economy. Namely the entrepreneurial activity becomes the foundation of the national strategies and by domains, and the sources of external financing are oriented towards this segment, which becomes a strategic one in the current period. In this context, the authors come up with an argument for the development of skills and competences of people involved in entrepreneurship. Or the main argument being the similarity of the skills of a successful entrepreneur and negotiator. Therefore, not only the association of the two forces is the object of the study, but also the need to develop more skills of those interested in the development of a successful entrepreneurship in the Republic of Moldova is a second argument.

**Keywords:** entrepreneurship; business negotiation; success; skills; business management

**JEL Classification:** L26

### 1. Introduction and the Importance of Entrepreneurial Activity

At present, it is impossible to find a country with a market economy in which there would be no small business. Constituting the backbone of the economy, small businesses make an essential contribution to achieving the basic goals that lie ahead of any society: economic growth, competitiveness, changes in economic structure and employment. Social life obliges everyone to work, to start a business, to carry out a useful activity. What motivates a person to start a business differs from person to person, as it depends on the needs and the way of being, thinking, conceiving the role and value of life. Entrepreneurial activity is currently considered a key factor in the development of the market economy of the republic.

Entrepreneurship is the driving force of the economy, which usually most often manages to ensure economic progress, through innovation, investment of resources and the desire to develop by using new opportunities.

The role of entrepreneurship in society is highlighted by:

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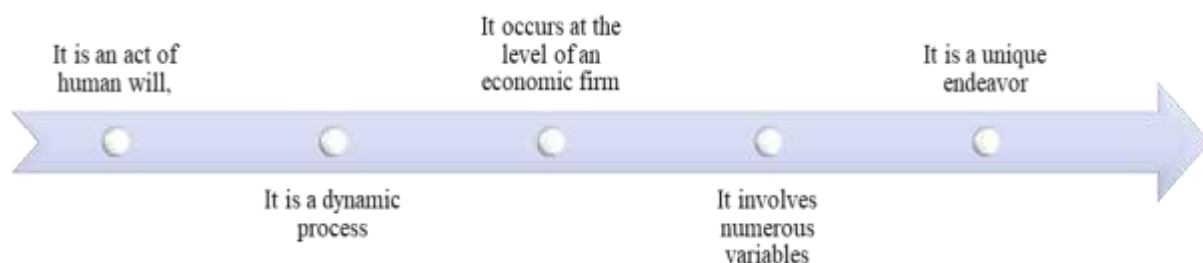
- creating new products - due to the creativity and resources available to entrepreneurs, the new needs of consumers can be met, coming with different innovative products / services;
- discovering new resources - entrepreneurs are often dissatisfied with traditional materials and resources, always looking for alternatives to facilitate their work and improve performance (product, technological process, etc.);
- job creation - extremely many new positions are being created by the entrepreneurial sector.

So the role of entrepreneurial activity is very important for a society, for an economy, for a sustainable development. For the Republic of Moldova, this is becoming not only a strategy, but also a self-rescue of the national economy through the citizens. Entrepreneurship can be developed by anyone who wants to be their own manager, manage their own finances and work for themselves. Entrepreneurship is an independent activity of individuals and of the society created with common material responsibility, the purpose of which is to receive a benefit.

Tasks of entrepreneurial activity

1. the development of clear objectives, strategies and action plans that will be systematically reviewed in the context of the context,
2. producing and delivering goods or services that people want,
3. attracting and retaining a clientele,
4. making enough profit to attract potential investors and keep existing ones,
5. providing rewards (material and moral), incentives that train human resources.

Entrepreneurship generates many features Figure 1



**Figure 1. Characteristics of the contemporary entrepreneurship activity**

In the contemporary era, business has taken on an unprecedented scale. Advances in technology and communication reduce distance and time. The consequence is the globalization of markets, while maintaining the local specificity. Successful entrepreneurial business is based on innovation, obtained through the realization of a new product or service. Rapid growth is another key feature of entrepreneurship, based on innovation in the field. The increased risk is due to significant innovation and growth as a whole, which is done to improve profitability.

## **2. Entrepreneurial Business Management**

Enterprises based on the development of entrepreneurship have some peculiarities meant to provide certain effects for a successful business, and this is due to the activity of management. In the case of small and medium enterprises, they advocate for the exercise of certain managerial functions, being considered vital for the development of entrepreneurship. In particular, the planning and program components determine the process of certainty about ensuring success in the future. The organization goes from predominantly informal to predominantly formal as the enterprise grows, the activity expands and diversifies and more and more use of management techniques.

Thus, given this transformation, the company can go through the following organizational steps:

- one-person undertaking;
- coordinating the activities of several employees performing the basic operations by the entrepreneur himself;
- appearance of an intermediate hierarchical level (delegation of authority);
- formal organization, which involves the description of positions, the preparation of the organizational chart, the substantiation of control procedures, etc.

The defining factors for small businesses are flexibility and the informal. These are major advantages, but there are many cases in which the informal informal is a source of conflict.

In the management of small and medium enterprises, coordination is very present, being exercised even more than forecasting and organization. From an instrumental point of view, dashboards, work schedules or action coordination schemes are much less used, as well as the meeting (frequently used in large companies), is used to a lesser extent. Predominant is coordination through bilateral discussions with employees. Therefore, good coordination in small businesses depends a lot on the quality of communication. In small and medium enterprises, the control has a less formal character, it focuses on the current activities, the forecasting character being almost ignored and it is almost entirely performed by the entrepreneur-manager.

The managerial process is given by the totality of the phases and stages through which the objectives of the company and of its organizational subsystems are clarified, the necessary and expected work processes are established for their achievement, the tasks are assigned for the fulfillment of the proposed objectives.

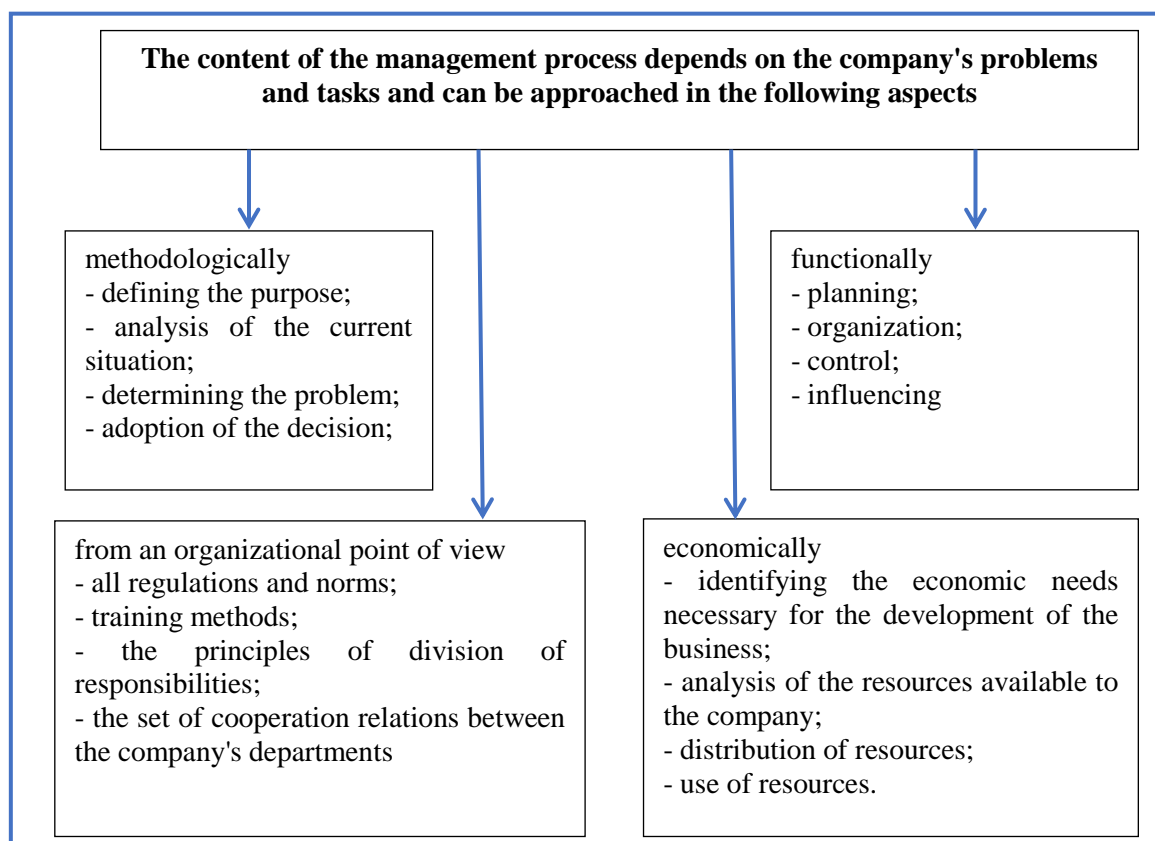


Figure 2. Diversity of entrepreneurial processes in entrepreneurship

The complexity of the management process is underlined by its characteristic features, namely:

- dynamism;
- stability;
- contextual character;
- continuity and consistency;
- cyclicity.

From the perspective of business management, participation is the practice through which the company's employees take part in the management process, by being involved in setting business objectives and in transposing them into practice effectively. Participation in business management involved two specific actions.

<p><b>Involvement:</b></p> <ul style="list-style-type: none"> <li>- is supported by staff motivation;</li> <li>- captures the subjective side of participation;</li> <li>- is based on the interests, values and attitude of employees</li> </ul>	<p><b>Integration:</b></p> <ul style="list-style-type: none"> <li>- emphasizes the objective side of participation;</li> <li>- appears as a biunivocal process between the employee and the company;</li> <li>- expresses the employees' ability to influence and even control the decisions</li> </ul>
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### 3. Managers Entrepreneurs

As a result of research, scientists have reached a consensus on the typology of contemporary entrepreneurs, by the fact that they are divided into 3 categories: those who take risks, those who are private, and those who are indeterminate. All these 3 categories of entrepreneurs are really associated with uncertainty, because they want to bring to the market something really new, which never existed.

Entrepreneurial behavior was tempting in the psychological field as well. They are more concerned with the distinctive characteristics of women and men entrepreneurs. Thus, research shows that the psychological trends of entrepreneurial men and women are more similar than different. Empirical research shows that male entrepreneurs have strong bargaining skills and consensus building skills.

An entrepreneur is a multifaceted person who has a wide range of skills. In any case, the main functions of a contractor refer to all the processes that take place in the company, in particular see figure 3.



**Figure 3. Main processes based on entrepreneurial functions**

The entrepreneur differs from the manager also in terms of behavior in business practices. They differ in all areas of business activity. In the following, we will describe entrepreneurial and managerial behavior in six critical areas of the business: strategic orientation, opportunity-taking, resource engagement, resource control, leadership structure, and rewards policy.

1. Strategic focus. Strategic orientation is the dimension of the business that addresses the factors that lead to the development of the company's strategy. This orientation is determined by how the opportunity is used. The entrepreneur has the tendency to exploit the existing opportunities in his business environment, without being constrained by the availability of resources. The manager, while acknowledging the need to seize opportunities, focuses primarily on how to use available resources

and control them. This dimension highlights one of the main characteristics of the entrepreneur - creativity and innovative spirit. The entrepreneurial behavior of this orientation is favored by the following factors: diminishing the margin of business opportunities, rapid changes in technology, changing the desire and ability to buy new products or services, government regulations in business. The managerial behavior of this orientation is favored by factors such as the existence of employment contracts, performance criteria for the use of existing resources and the long-term planning system.

2. Fruiting the opportunity. The degree of involvement and exploitation of an opportunity differs from entrepreneur to manager. The entrepreneur wants to take advantage of the opportunity that appeared very quickly, in the short term, in an almost revolutionary way. Therefore, some people consider that entrepreneurs would take exaggerated risks.

The manager engages in long-term opportunities at a slower, evolving pace that may seem stationary. Entrepreneurial behavior in taking advantage of the opportunity is favored by the following factors: action orientation, preponderance of short-term decisions, flexible risk management, a small number of constituent elements of the decision.

Managerial behavior in taking advantage of the opportunity is favored, by contrast, by the following factors: a large number of constituent elements of the decision, which reduce flexibility; the evolutionary strategy, which pursues consensus; risk reduction; crisis management, which involves accepting only those actions that are compatible with the current resources of the company.

3. Resource engagement. Entrepreneurs engage in a multi-stage resource use process, with a low degree of involvement at each stage. They try to maximize the value created by minimizing the amount of resources involved, of course, at the cost of taking a greater risk. Entrepreneurship requires a little more and a little less. Managers focus on one-stage use of resources, with a high degree of involvement and only after a detailed assessment. Entrepreneurial behavior is favored by the following factors: the foreseeable need for resources, the lack of long-term control, social needs, international demand. Managerial behavior is determined by the following factors: reduction of personal risk, due to resource availability; incentive policy; managerial efficiency, which demands a stable profit; equity allocation system; the formal planning system.

4. Control of resources. The entrepreneur is a follower of using the skills, talent and ideas of others. He seeks to make the most of these resources. The manager, on the other hand, wants to own and control the resources or to hire the necessary staff to carry out the tasks. He is primarily interested in the efficient use of his available resources. Entrepreneurial behavior in resource control is favored by the following factors: increasing resource specialization; long life of resources, compared to needs; the risk of aging and old-fashionedness; the risk inherent in any business start-up; temporary use of resources. Management behavior is favored by factors such as: power, status and financial reward; coordination; efficiency; inertia and the cost of change; branches structure.

5. Governance structure. The entrepreneur wants to know first hand each area of the business. The fact that he rents the necessary resources and does not employ his own employees determines the development of an informal management structure. The manager, on the other hand, sees the management relations more formally, with the specification of the specific rights and obligations assigned by the delegation of tasks. This is due directly to the use of own resources and employees.

Some authors have tried to distinguish between entrepreneurs and managers, suggesting that it is impossible for a good entrepreneur to be a good manager. The entrepreneur is seen as self-centered

and therefore unable to lead. However, although managerial tasks are substantially different from entrepreneurial, managerial talent is nonetheless essential. The change is due to the choice of specific means. Entrepreneurship is favored by factors such as: the need to coordinate uncontrollable resources; leadership flexibility; the need for control; the desire for independence of employees. Managerial behavior is favored by factors such as: the need for a clear definition of authority and responsibility; organizational culture; reward system; leadership theory.

6. Rewards system. The entrepreneur explicitly focuses on creating and achieving value. Those who have invested money in starting a business will want to get them back as soon as possible. As a corollary of the value creation concept, entrepreneurial firms tend to base their performance rewards system - where performance is closely linked to value. Entrepreneurship companies also prefer to reward teams rather than individuals. The manager is less focused on maximizing and distributing value. He takes into account, when making decisions, in particular the protection of his position and the security of his job. The reward system is primarily based on individual responsibilities and performance on achieving short-term profit goals. Rewards are meant to stimulate the rise of levels of responsibility.

#### **4. The Role of Negotiations in Entrepreneurship Development**

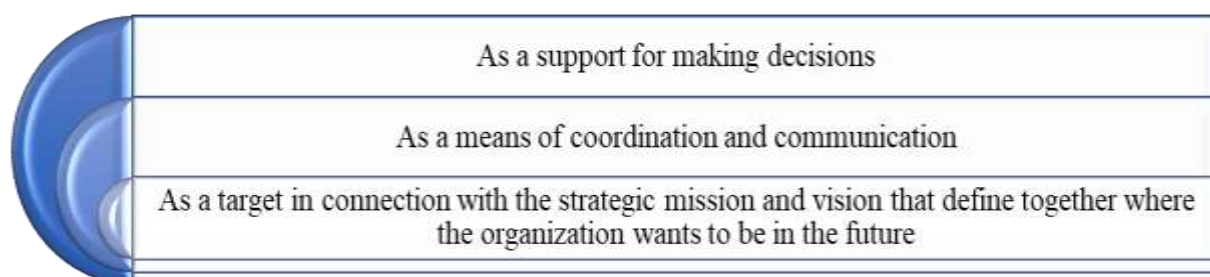
Starting from the premises such as entrepreneurial activity, it involves: elaborating ideas and estimating the possibilities for their realization; elaboration of the business plan; finding the necessary resources; the management with the company formed then we find that in any of these actions the negotiation is present.

The strategic approach is therefore a continuous process, which has a perspective or a vision for the future for the adaptation of the organization to the environment or the competitive market, exercised by a top management to achieve the objectives through strategy is a concern of entrepreneurship.

The strategy provides an opportunity for an organization to:

- Build and maintain competitive advantage;
- Develop success factors and unique or high-performance skills;
- Use critical resources effectively;
- Responds quickly to environmental challenges;
- Outsource activities and create partnerships to achieve efficiency;
- Obtain information about competitors and apply best practices in management;
- Create flexibility to successfully respond to market competition.

The role of a successful strategy in business is represented by different roles within an organization, namely:



**Figure 4. Objectives and role of strategy in entrepreneurial activity**

The way to achieve superior performance defines the two levels of strategy in an enterprise: the strategy of the corporation and the strategy of the industry. Corporate strategy or corporate strategy defines the company's purpose in terms of the industry and markets in which it competes. The corporate strategy includes: investments in diversification, vertical integration, acquisitions (of companies, stock packages), joint ventures of the “joint-venture” type, the allocation of resources between different businesses within the company and divestments. Business strategy or competitive strategy refers to the way in which the company competes in a market or in the industry. For a firm to thrive in a market, it must gain a competitive advantage over its rivals.

Negotiations can provide the necessary financial resources for the development of entrepreneurial activity. As external resources - bank financing, non-bank financial institutions, donations, leasing, international assistance programs, investors, etc.

Personal savings or equity are generally the main means of financing for entrepreneurs, especially at the start of business. The main advantage of this loan is the lack of loan repayment. "Unofficial" funding sources that are represented by the temporarily free money of relatives, friends, potential customers, suppliers, etc. "Unofficial" creditors rely on personal relationships with the contractor, on trust. In order to convince the people mentioned in the viability of the business idea, it is important that the entrepreneur: pledge; to justify the refund of the money in the established terms; to propose the possibility of control over the initiated business; to propose rights over the assets, in case of incapacity to cover the debt, etc. External financing sources: banks, non-bank financial sources, grants, etc.

Commercial banks most often offer bank loans. The main tool that allows to determine the credibility of the insurance and allows the owners of the company to know the value of both the patrimony they own and to what extent it will be able to cover the credit, remains, the valuation. The banking system of the Republic of Moldova in the lending activity of economic agents is also conditioned by the objectives it pursues:

- accumulation and temporary redistribution of funds on the financial market;
- lending to the economy in order to increase the money income;
- granting loans and additional funds in the economy to maintain economic agents;
- circulation of credit instruments;
- development of the evaluation of the investment processes for the purpose of crediting, etc

The granting of loans by commercial banks occupies the most significant share in bank placements and can greatly influence economic growth in the country, so banks are considered the main promoter of this growth. The lending policy of commercial banks represents the totality of the principles, norms,



procedures and general standards according to which the lending activity is carried out, delimiting the framework and the strategy in the credit risk management system. The lending policy promoted by commercial banks is influenced by a number of basic factors, such as: the quality of the borrower, the purpose of attracting credit, the volume of credit, the duration of the loan, the repayment basis, the value and quality of guarantees.

The non-banking financial institutions carry out, on the territory of the Republic of Moldova, in accordance with the law, the following lending activities:

a) granting loans, including: consumer loans, mortgage loans, real estate loans, microcredits, financing of commercial transactions, factoring operations, discounting, flat rates;

b) leasing finance;

c) issuance of guarantees, assumption of guarantee commitments, assumption of financing commitments;

d) granting loans with the receipt of goods as collateral, respectively pledge through pawnshops;

e) granting loans to members of non-profit associations organized on the basis of the free consent of employees / pensioners, in order to support through financial loans their members by these entities, organized in legal form of mutual aid houses;

f) other forms of credit financing.

The advantage of external financing through non-bank financial institutions is that they offer the same set of credit products as commercial banks, but the procedure for obtaining the loan is simpler and a decision is made in less time. In some cases, the loan may be offered without the presentation of a guarantee. But the interest rate charged by non-bank financial institutions may be higher than that charged by commercial banks. Donations. Some international foundations and organizations offer small business development and entrepreneurship grants on a project basis. The advantage of this funding is that the grants are non-refundable, so the entrepreneur gets the opportunity to start a business. In this context, we believe that the success factor for the development of entrepreneurship depends on the development of the entrepreneur's negotiation skills. As a result of the analysis of the specialized bibliography, we find that the negotiator must have the following skills: Organizing ability; Desire to achieve goals; Ability to persuade; Ability to influence; Ability to work in a team; The experience; Administrative talent; High level of ethics; Courage to take risks; communication skills; the ability to separate the relationship from the problem; self-presentation ability; ability to listen; the ability to refuse. These skills are perfect for an entrepreneur, and their implementation can achieve entrepreneurial goals. We also mention that the style, skills and competencies of the individual negotiator used by an entrepreneur can bring more success in developing entrepreneurial activity.

## **5. Conclusion**

Satisfying the principles of the earnings negotiation process is a good advantage and an example for the development of entrepreneurial activity. In this sense, both personal and managerial goals are achieved. The transmission of the chances of will and persuasive power of the negotiator to the entrepreneurial activity, can generate driving forces for the development of the business and obvious successful results through efficiency and effectiveness of the actions. The interdisciplinary character of the negotiations, being, as an argument in ensuring the success, can be ensured both the

communication skills and the motivation. The desire to succeed not only in negotiated segments but in the overall business activity can become the key to the success of the entrepreneurial activity through negotiations.

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