Empirical evidences of owners' managerial behaviour - the case of small companies

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Abstract. In a small firm, the founder or the owner-manager often leaves his or her own personal “stamp” on the way things are done, finding solutions for the multitude of problems the firm faces, and maintaining control over the firm’s operations. The paper aims to investigate the degree to which the owner-managers are controlling the operations of their firm on a day-to-day basis or even getting involved into the management of the functional areas. Our empirical research, conducted on a sample of 200 small and medium-sized enterprises (SME) from the North-Western Romania, Maramures (NUTS3 level - RO114), shows that owner-managers tend to be all-powerful, making decisions based on their experience. Furthermore, the survey highlights the focus of owner-managers on two functional areas, namely the production, and sales and marketing. Finally, the correlation analysis states that in the case of small firms, the owner-manager is more involved in managing the functional areas of the firm, as compared to the medium-ones.

1. Introduction
Over the years, the importance the small business sector is playing for the health of a nation’s economy was widely recognized, and so the interest in small business management flourished.

Despite the relevance of the topic and the big number of papers analysing the SMEs sector, there are still some areas insufficiently covered, and not being matched by adequate theoretical concepts and models. One such insufficiently covered area is the managerial behaviour of the small business owner, and his/her locus of control, with the associated impact of the latest upon the way the small firm is organized and managed.

It is therefore worthwhile to carry out a series of studies designed for constructing conceptual categories and a theory that could help identifying and discussing managerial behaviour of the owner-manager and the way this influences the organizational processes in small firms from a management perspective.

Our paper introduces the results of such a study, which intended to reveal the extent to which the owner-manager is centralizing the decision in his/her hands, and sometimes, even the execution of some operational activities. We tried to add new contributions to the field, by addressing the case of small business owner (managers) from a CEE country (particularly, from North-West Romania).

The paper is structured in four major sections. Following Introduction, the next section reviews the dedicated literature on the definition of SMEs, their owners’ managerial behaviour, and the way they manage the firm, and its eventual growth. Section 3 presents the empirical findings, while the final section concludes.
2. Theoretical development

2.1. Defining a small firm

Rigorously defining the small business has always been difficult even controversial. Mainly, small businesses have been distinguished from larger companies by such criteria as financial turnover, assets, market share, numbers employed and ownership [1].

For many years, since the Bolton Report, in 1971 [2], the most used conceptual definition of a small business in Europe was that of a “legally independent organization; with a small market share; and owned and managed by the same individual or group of individuals” [3].

More recently, the European Commission tried to unify the member states approaches on defining a SME, and adopted a new recommendation (Commission Recommendation 2003/361/EC 2003): “the category of micro, small and medium-sized enterprises (SMEs) is made up of enterprises which employ fewer than 250 persons and which have an annual turnover not exceeding 50 million euro, and/or an annual balance sheet total not exceeding 43 million euro” [4].

When compared with their bigger counterparts, small firms are not just scaled down versions of large ones [5]. The SME presents several dimensional, structural and procedural characteristics and they go about their business in several fundamentally different ways [6], being marked by [7]:

- Personal entrepreneurship and direct personal work relations;
- Less division of work;
- Stronger dependency on the environment.

2.2. Entrepreneur or owner-manager?

As the owner-managed small-businesses depend on the owner-manager for their management [8], his/her analysis is germane to understanding the managerial processes within such firm.

Although there is a considerable overlap between small business and entrepreneurship, the concepts are not the same [9].

Because the definition of entrepreneurship denotes the creation of some combination that did not previously exist, entrepreneurship is often equated with small business ownership and management. But even though the terms were considered interchangeable, more and more researchers of the field start to separate the two.

Storey and Sykes distinguish between owner-managers and entrepreneurs starting from the type of firms they are running [10]: a) the lifestyle firms, which are intended to grow, the management is mostly tactical, and they are set up primarily to undertake an activity that the owner-manager enjoys or gets some comfort from whilst also providing an adequate income, and b) the growth firms, which are set up with the intention of growth, usually by entrepreneurs.

Entrepreneurs are said to have an internal locus of control, a high sense of control over the events in their environment [11]. Moreover, the study performed by Stewart Jr. et al. [12] concluded that entrepreneurs were higher in achievement motivation, risk-taking propensity, and preference for innovation than were both the corporate managers and the small business owners.

2.3. A functional approach to managerial behaviour of the small business owner

Researchers following functional approaches have regarded managers as performers of a set of functions who apply specific skills [13]. They suggested that the process of managing a business consists of different functions, including planning, organising, leading, and controlling [14]. The functional approach focuses on individual performance in the operational process.

In many small businesses, the owner or a member of the owner family chooses to run the firm him/herself [15]. On one hand, owner-management provides a solution to the inherent agency problem involved in operating the business. On the other, it has been claimed that this combination of the roles of owner and top manager may have unfavourable consequences for the efficient operation of a firm, say Barth et al. [15].
In an owner-managed family business, the top manager is taken from a much more restricted pool of talent than when the manager is recruited from the general market for managers [15]. This situation generally leads to a lower quality among owner-managers than among professional managers and may be detrimental to the productivity of the firms [16], [17].

In the early years, some functions of the firm are performed by the founders (or owner-managers), such as marketing activities, human resource management, product development, research and development, information systems and financial control activities, state Wilson and Bates [18]. Small firms will in majority have no specialized staff for finance, personnel or marketing, and certainly not for legal affairs [19].

3. An empirical study on small companies’ functional management

3.1. Methodology
The method used for collecting inputs from small business owners from the area of Maramures, Northern Romania (NUTS3 level - RO114) was the survey method. The sample of small businesses contained 200 items, selected from the Maramures County Council’s database using two criteria:

1. Firm size: businesses with fewer than 249 employees.
2. Industry affiliations: seeking for a more complex organizational structure of the investigated small firms, the incidence of the manufacturing industry was prevailing.

For the statistical analysis of the collected data, we used the correlation coefficient method, trying to find out if a mathematical correlation between the average number of employees and the way the functional areas are managed appears. In this regard, we chose to calculate the Pearson product-moment correlation coefficient, being one of the most used tests in verifying correlations, and then to secondly confirm the existence of such correlation by calculating the Kendall tau rank correlation coefficient, which is a nonparametric test that works very well for any kind of data distribution.

3.2. Survey instrument
Aiming for a transversal study, a self-administered questionnaire, with multiple-choice answers, consisting of two sections and a scale of 8 items, was designed. Section I began with general items querying the firm’s characteristics: its legal form of existence, the industry to which it belongs, the number of employees. In Section II, the items elicited information regarding the incidence of functional specialization within firm, and the level of personal involvement of the owner-manager in managing each functional area.

The average firm of the investigated sample is a manufacturing small firm (10÷49 employees), where the ownership and the management lay in the hand of the same person. The distribution of firms based on the industry affiliation and size are as follows - see Figures 1 (a) and (b), where the division into the three categories was made in accordance with the Commission Recommendation [4].

![Figure 1](image_url)

Figure 1. The investigated sample structure: (a) per the activity field; (b) according with size (by no. of employees)
As observed, the main analysed industry was manufacturing (93% of the sampled firms belonging to this sector), while service industry and trade industry accounted only 5%, respectively 2% of the total number of firms. Regarding firms’ size, 27% of the sample was constituted by microenterprises, with 53% small firms, and 20% medium sized.

3.3. Practical Results

Trying to indirectly count for the incidence of non-owning managers appointed to coordinate the functional areas of the firm’s, the investigated owner-managers were firstly asked to mention which are the functional areas that are directly coordinated and controlled by them (if such functional areas are defined and structured). The answers are centralized in Table 1.

| The Functional Area          | Personally coordinated | Coordinated by an appointed manager | Undefined Functional Area |
|------------------------------|------------------------|-------------------------------------|---------------------------|
| Research & Development       | 100 50%                | 60 30%                              | 40 20%                    |
| Production                   | 166 83%                | 34 17%                              | 0                         |
| Sales & Marketing            | 166 83%                | 34 17%                              | 0                         |
| Finance & Accounting         | 60 30%                 | 140 70%                             | 0                         |
| Human Resources              | 114 57%                | 86 43%                              | 0                         |

Looking at the results, we can’t back-up Bridge et al. [6] when stating that functional managers are absent in a SME. What we can notice is that Finance & Accounting, Human Resources, and Research & Development are the functional areas which are more preferred for delegation, with percentages that exceed the share of the medium sized enterprises amongst the sample (precisely 20% - see Figure 3b). We made this remark, since it’s mostly assumed that enterprises that exceed one hundred employees are expected to have a cadre of non-owning managers. Nevertheless, even more, the results synthesized in the above table confirm the assumption that owner-managers (at least those from the investigated sample) do appoint others to be, even if partially, responsible for the management of others not only in medium sized firms.

It’s also interesting to notice that the sampled owner-managers are quite unwilling to share the management of Production, and Sales & Marketing, the latest being mentioned by Nooteboom [19], as well as Wilson and Bates [18] as one function to be performed by the owner-manager. Nonetheless, another study, performed by Voicu and Sava [20], proved that managers of the Romanian industrial companies generally tend to be aware of the widespread impact the marketing has on the overall company’s performance.

This approach leads to a kind of integrated management, with an overall view of the firm [6]. A simultaneous coordination allows the owner-manager to link the customers, and their specific demands, with manufacturing, such ensuring a greater flexibility in production and an increased possibility to fulfil and overcome customer expectations. By keeping a total control over these two areas, the owner-manager makes sure that customers’ satisfaction, on-time delivery and other related aspects are guaranteed. When new products are being developed, the requirements, needs, desires, and the expectations of consumers are translated into technical, i.e. product specifications [21].

These outcomes are also consequent with the results of Stanworth and Gray [3], ranking production and marketing as areas with high level of expertise, and consequently importance.

Moreover, Draghici and Draghici [22] underlined that competitive advantage is often related to the core competencies of the organization, and such competencies are primarily found in Production and Marketing. Core competencies are frequently based on implicit expertise or tacit knowledge, which is an intangible, unstructured asset. Additionally, since the owner is the main source of such knowledge
and expertise, the best way to fully exploit them is by assuming the main decisions concerning the above mentioned functional areas.

Human Resources scores 57% as directly coordinated by the owner-manager and this confirms the characteristic of personal entrepreneurship and direct personal work relations [7], [18], [23].

Summarizing, it appears that most of the investigated owners still prefer to manage their company by direct physical intervention, rather than to control the business by monitoring information, as recommended by Burns [23]. If we take into consideration the high level of personal implication in the functional management of the owner-managers, we can state that Burns spider’s web [23] occurrence amongst the investigated firms is quite widespread, regardless their development stage.

3.4. Determining the correlations between the average number of employees and the organizational management of the investigated sample of firms

Looking at the general trend of the previous results, we expect that the smaller the firm, the greater the involvement of the owner-manager in personally managing the functional areas of the firm will be.

| Table 2. Distribution of answers amongst categories and classes |
|---------------------------------------------------------------|
| Official categories ¹ | Micro (1-9 employees) | Small (10-49 employees) | Medium-sized (50-249 employees) |
|-----------------------|-----------------------|-------------------------|---------------------------------|
| Total                 | 54                    | 106                     | 40                              |
| Classes               | 1-9                   | 10-24                   | 25-49                           |
| Class total           | 54                    | 72                      | 34                              |

Type of coordination

| Functional area       | Personally coordinated | Appointed manager | Non-existent manager |
|-----------------------|------------------------|-------------------|----------------------|
| Research & Development| 26                     | 0                 | 28                   |
| Production            | 54                     | 0                 | 0                    |
| Sales & Marketing     | 54                     | 0                 | 72                   |
| Finance & Accounting  | 24                     | 30                | 0                    |
| Human Resources       | 40                     | 14                | 42                   |

¹ http://ec.europa.eu/enterprise/policies/sme/files/sme_definition/sme_user_guide_en.pdf

Consequently, we initiated a statistical analysis to check if a mathematical correlation between the average number of employees and the way the functional areas are managed can be established. For this purpose, the sample of firms was further divided, by the number of employees, into six classes - where dedicated literature recommends at least five [24]. The questionnaire’s results, grouped in classes, are introduced by table 2.

The existence of such correlations was graphically verified, by the means of two statistic methods, a nonparametric one (Kendall tau rank correlation coefficient), and a parametric one (Pearson's product-moment coefficient), as presented below, for all five functional areas.

Based on data introduced by Table 3, we calculated the regression lines (Figure 2) and then the Kendall and Pearson coefficients for Research & Development (Table 4). The point clouds in Figure 2 are quite diffuse, which means weak correlations, and the Kendall and Pearson coefficients have small values, while the levels of significance for the one-tailed tests reaches high values. These results indicate that, in the case of Research & Development, no correlation can be established between the average number of employees and the way the function is managed.
Table 3. Distribution of answers amongst classes for Research & Development

| Average number of employees | Personally coordinated [%] | Appointed manager [%] | Non-existent [%] |
|-----------------------------|---------------------------|----------------------|-----------------|
| 5                           | 48.15                     | 0.00                 | 51.85           |
| 17                          | 80.56                     | 8.33                 | 11.11           |
| 37                          | 11.76                     | 88.24                | 0.00            |
| 74.5                        | 36.36                     | 54.55                | 9.09            |
| 137                         | 16.67                     | 66.67                | 16.67           |
| 212                         | 33.33                     | 66.67                | 0.00            |

Figure 2. Regression lines for Research & Development (R&D)

Table 4. The Kendall and Pearson coefficients for Research & Development

| Research & Development | Average number of employees | Pearson Test | Kendall Test |
|------------------------|-----------------------------|--------------|--------------|
|                        | Personally coordinated Calc. coeff., τ | Appointed manager Calc. coeff., r | Non-existent Calc. risk, α |
| Personal coordination  | -0.333                      | 0.552        | -0.416       |
| Calculated risk, α     | 0.174                       | 0.063        | 0.206        |

One possible reason for such a deviation resides in the fact that the Research & Development covers activities that are not always present within a firm (like Technical conception, for example, which is more specific to complex manufacturing activities, from bigger firms). Also, the other Research & Development activities tend to be underdeveloped or unstructured, so the owner-manager may want to maintain a direct coordination and control of those, even when the firm gets bigger.

Table 5. Distribution of answers amongst classes for Production

| Average number of employees | Personally coordinated [%] | Appointed manager [%] | Non-existent [%] |
|-----------------------------|----------------------------|----------------------|-----------------|
| 5                           | 100.00                     | 0.00                 | 0.00            |
| 17                          | 100.00                     | 0.00                 | 0.00            |
| 37                          | 76.47                      | 23.53                | 0.00            |
| 74.5                        | 54.55                      | 45.45                | 0.00            |
| 137                         | 16.67                      | 83.33                | 0.00            |
| 212                         | 0.00                       | 100.00               | 0.00            |
From these data, we obtained the regression lines (Figure 3) and the Kendall and Pearson coefficients for Production (Table 6). The point clouds from Figure 3 suggest strong connections (correlations) between the average number of employees and the way the Production is managed.

**Figure 3. Regression lines for Production**

Also, the Kendall coefficients reach high values, which prove a strong correlation between the parameters, while the significance level for a one-tailed test is having a very small value (0.4%). The Pearson coefficients also indicate a strong correlation, the significance level for the one-tailed test in this case having a very small value too (0.04%).

**Table 6. The Kendall and Pearson tests coefficients for Production**

| Production          | Average number of employees | Average number of employees |
|---------------------|-----------------------------|-----------------------------|
|                     | Kendall Test                | Pearson Test                |
|                     | Calculated coeff., $\tau$  | Calculated coeff., $r$      |
|                     | Calculated risk, $\alpha$  | Calculated risk, $\alpha$  |
| Personally coordinated | -0.966                      | -0.977                      |
| Appointed manager   | 0.966                       | 0.977                       |
|                     | 0.004                       | 0.004                       |

Table 7 introduces the data for Sales & Marketing, while Figure 4 is presenting the regression lines, and Table 8 the Kendall and Pearson test results for the same functional area. Looking at the point clouds from Figure 4, we can again observe strong correlations that appear, in the case of Sales & Marketing, between the average number of employees and the way this functional area is managed.

**Table 7. Distribution of answers amongst classes for Sales & Marketing**

| Average number of employees | SALES & MARKETING |
|-----------------------------|-------------------|
|                             | Personally coordinated | Appointed manager | Non-existent |
| 5                           | 100.00             | 0.00              | 0.00         |
| 17                          | 97.22              | 2.778             | 0.00         |
| 37                          | 76.47              | 23.53             | 0.00         |
| 74.5                        | 45.45              | 54.55             | 0.00         |
| 137                         | 33.33              | 66.67             | 0.00         |
| 212                         | 33.33              | 66.67             | 0.00         |
In addition, the Kendall coefficients reach again high values, which make us conclude that there is a strong correlation between the average number of employees and the way the Sales & Marketing are coordinated, the significance level for a one-tailed test having again a very small value (0.4%). The Pearson coefficients also indicate a strong linear correlation, the significance level for the one-tailed test in this case being of a small value (0.9%).

Table 9 data allowed us to establish the regression lines (Figure 5) and then the Kendall and Pearson coefficients for Finance & Accounting (Table 10). The regression lines for Finance & Accounting and the associated point clouds indicate once more the presence of strong correlations in this case too. There is an obvious dependency here: as the number of employees gets higher, the occurrence of an appointed manager for Finance & Accounting is taking place.

On the other hand, the Kendall and the Pearson coefficients are reaching high values in this case too, and the significance level for one-tailed tests is very low for the Kendall test (0.8%), respectively low for the Pearson test (2.2%). Both these results are indicating a strong correlation between the average number of employees and the management of Finance & Accounting.

### Table 8. The Kendall and Pearson tests coefficients for Sales & Marketing

| Sales & Marketing | Average number of employees | Average number of employees |
|-------------------|-----------------------------|-----------------------------|
|                   | Kendall Test                | Pearson Test                |
|                   | Calculated coeff., r        | Calculated risk, α          | Calculated coeff., r | Calculated risk, α |
| Personally        | -0.966                      | 0.004                       | -0.889               | 0.009             |
| coordinated       |                             |                             |                      |                   |
| Appointed         | 0.966                       | 0.004                       | 0.889                | 0.009             |
| manager           |                             |                             |                      |                   |

In addition, the Kendall coefficients reach again high values, which make us conclude that there is a strong correlation between the average number of employees and the way the Sales & Marketing are coordinated, the significance level for a one-tailed test having again a very small value (0.4%). The Pearson coefficients also indicate a strong linear correlation, the significance level for the one-tailed test in this case being of a small value (0.9%).

Table 9 data allowed us to establish the regression lines (Figure 5) and then the Kendall and Pearson coefficients for Finance & Accounting (Table 10). The regression lines for Finance & Accounting and the associated point clouds indicate once more the presence of strong correlations in this case too. There is an obvious dependency here: as the number of employees gets higher, the occurrence of an appointed manager for Finance & Accounting is taking place.

On the other hand, the Kendall and the Pearson coefficients are reaching high values in this case too, and the significance level for one-tailed tests is very low for the Kendall test (0.8%), respectively low for the Pearson test (2.2%). Both these results are indicating a strong correlation between the average number of employees and the management of Finance & Accounting.

### Table 9. Distribution of answers amongst classes for Finance & Accounting

| Average number of employees | FINANCE & ACCOUNTING |
|-----------------------------|----------------------|
|                             | Personally coordinated | Appointed manager | Non-existent |
| 5                           | 44.44                | 55.56            | 0.00         |
| 17                          | 38.89                | 61.11            | 0.00         |
| 37                          | 23.53                | 76.47            | 0.00         |
| 74.5                        | 0.00                 | 100.00           | 0.00         |
| 137                         | 0.00                 | 100.00           | 0.00         |
| 212                         | 0.00                 | 100.00           | 0.00         |
From the data introduced by Table 11, we obtained the regression lines (Figure 6) and the Kendall and Pearson coefficients for Human Resources (Table 12). Due to the very low degree of diffusion in the point clouds, Figure 8 suggests that in case of this last functional area, Human Resources, we can identify powerful correlations in the way the function is managed and the average number of employees.

From the data introduced by Table 11, we obtained the regression lines (Figure 6) and the Kendall and Pearson coefficients for Human Resources (Table 12). Due to the very low degree of diffusion in the point clouds, Figure 8 suggests that in case of this last functional area, Human Resources, we can identify powerful correlations in the way the function is managed and the average number of employees.

**Figure 5.** Regression lines for Finance & Accounting

**Table 10.** The Kendall and Pearson tests coefficients for Finance & Accounting

| Finance & Accounting | Average number of employees | Average number of employees |
|----------------------|-----------------------------|-----------------------------|
|                      | Kendall Test                | Pearson Test                |
|                      | Calculated coeff., $\tau$   | Calculated risk, $\alpha$   | Calculated coeff., $r$ | Calculated risk, $\alpha$ |
| Personally coordinated | -0.894 | 0.008 | -0.825 | 0.022 |
| Appointed manager    | 0.894  | 0.008 | 0.825  | 0.022 |

**Table 11.** Distribution of answers amongst classes for Human Resources

| Average number of employees | HUMAN RESOURCES |
|-----------------------------|------------------|
|                             | Personally coordinated | Appointed manager | Non-existent |
| 5                           | 44.44 [%]         | 55.56 [%]         | 0.00 [%]     |
| 17                          | 38.89 [%]         | 61.11 [%]         | 0.00 [%]     |
| 37                          | 23.53 [%]         | 76.47 [%]         | 0.00 [%]     |
| 74.5                        | 0.00 [%]          | 100.00 [%]        | 0.00 [%]     |
| 137                         | 0.00 [%]          | 100.00 [%]        | 0.00 [%]     |
| 212                         | 0.00 [%]          | 100.00 [%]        | 0.00 [%]     |

**Figure 6.** Regression lines for Human Resources (HR)
Performing the Kendall tests, we got high value coefficients, with a very low significance level (0.7%). The Pearson test also indicates a powerful linear correlation for the Human Resource management, due to the very low significance level that was obtained (0.2%).

Looking at the results introduced so far, we can observe clear evidences of strong correlations between the average number of employees and the direct implication of the owner-manager in the management of each functional area of a firm in four out of five cases (the exception was Research and Development). Therefore, we decided to perform an overall analysis, applying the same tests for the aggregated data. The results are presented in the Tables 13, 14, and Figure 7.

The point clouds from Figure 7 indicate that overall correlations also appear: precisely, as the number of employees grows, there is a clear tendency to have an appointed manager designated to coordinate the functional areas of the firm.

### Table 12. The Kendall and Pearson tests coefficients for Human Resources

| HR                  | Average number of employees | Average number of employees |
|---------------------|-----------------------------|-----------------------------|
|                     | Kendall Test                | Pearson Test                |
|                     | Calculated coeff., $\tau$   | Calculated risk, $\alpha$  |
|                     | Calculated coeff., $r$      | Calculated risk, $\alpha$  |
| Personally coordinated | -0.867                     | 0.007                       |
| Appointed manager   | 0.867                      | 0.007                       |

### Table 13. Distribution of answers amongst classes for the aggregated data

| Average number of employees | Personally coordinated [%] | Appointed manager [%] | Non-existent [%] |
|-----------------------------|----------------------------|-----------------------|------------------|
| 5                           | 73.33                      | 16.30                 | 10.37            |
| 17                          | 75.00                      | 22.78                 | 2.22             |
| 37                          | 47.06                      | 52.94                 | 0.00             |
| 74.5                        | 38.18                      | 60.00                 | 1.82             |
| 137                         | 20.00                      | 76.67                 | 3.33             |
| 212                         | 13.33                      | 86.67                 | 0.00             |

### Figure 7. Regression lines for the aggregated data
### Table 14. The Kendall and Pearson tests coefficients for the aggregated package of data

| Aggregated data            | Average number of employees |                           | Average number of employees |                           |
|----------------------------|-----------------------------|---------------------------|-----------------------------|---------------------------|
|                            | Kendall Test                | Pearson Test              |                            |                           |
|                            | Calculated coeff., $\tau$  | Calculated risk, $\alpha$ | Calculated coeff., $r$     | Calculated risk, $\alpha$ |
| Personally coordinated     | -0.867                      | 0.007                     | -0.928                      | 0.004                     |
| Appointed manager          | 1                           | 0.000                     | 0.918                       | 0.005                     |

The Kendall coefficients are significantly high, and this suggests an obvious linear correlation between the above mentioned two aspects (the personal involvement of the owner-manager and the average number of employees) in the case of the overall management of the firm’s functional areas; the significance level for the one-tailed test achieves very small values (0.7%, and 0.0% respectively).

The Pearson coefficients also denote the same powerful correlations as the Kendall coefficients did. The one-tailed test’ significance level registers low values, of 0.4%, and 0.5% respectively.

### 4. Conclusions

Concluding on the performed investigation and the dedicated literature review, we can iterate that the small business owner-manager tends to be all-powerful, more inclined to listen to his or her own inclinations, and to rely on his/her personal experience.

Small business managers are responsible for a wide variety of tasks in the company (from operational to strategic), same as Verhees and Meulenberg [25] pointed out.

The owner-managers from the investigated sample put a great emphasis on two functional areas: Production and Sales & Marketing, these two functional areas being personally managed by a large amount of the questioned entrepreneurs. Such a behaviour may be the source of some important features a small business exhibits and which ground their main competitive advantages, such as customized products, high degree of customer satisfaction, good connection between business and market, flexibility, autonomy and successful niche-market strategies. By controlling the two most important functions of the enterprise (Sales & Marketing and Production), the owner-managers make sure that all the specific demands of the customers are acknowledged, understood (by quickly disseminating the information amongst the staff, to whom the owner-manager maintain a close, personal relationship), implemented into products, and then manufactured accordingly. So, the investigated small firms are substituting the functional specialization for combined and integrated management, with a strong touch of informality. The founders understand the fragility of competitiveness and are prepared to bend over backwards to provide high and rising levels of service, as Wilson and Bates [18] outlined too.

Verifying if a mathematical correlation between the average number of employees and the personal implication of the owner-manager in the functional management of the firm exists, we can confirm such correlations for four out of five functional areas (the exception was the Research & Development). Thus, the smaller the firm, the more involved in managing the functional activities of the firm the owner-manager is, aspect that was confirmed when the aggregated data were tested too.

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