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**Economic processes management at microlevel**

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**RESEARCH ON THE ENTREPRENEURIAL COMPETENCIES  
AND EDUCATION NEEDS FOR CREATING AND MANAGING  
A PRIVATE BUSINESS**

**Madgerova Raya Hristova**

*PhD, Professor, Professor of Management and Marketing Department,  
South-West University, Blagoevgrad, Bulgaria*

**Kyurova Vyara Vasileva**

*PhD, Associate Professor, Associate Professor of  
Management and Marketing Department,  
South-West University, Blagoevgrad, Bulgaria*

**Atanasova Anny Vladimirova**

*PhD, Chief Assistant Professor, Chief Assistant Professor of  
Management and Marketing Department,  
South-West University, Blagoevgrad, Bulgaria*

*This article discusses the issue of the competencies necessary for realizing successful entrepreneurial activities. It deals with the theoretical concepts about the term “competencies” and analyses the beliefs of different authors about the nature, meaning, type and characteristics of entrepreneurial competencies. It also presents and interprets the results of statistical research carried out with the aim of finding the entrepreneurial competencies of young people (men and women in adolescent years). It defines the areas which need complementary education for forming new skills, knowledge and experiences.*

**Keywords:** *entrepreneurial competencies, young men and women, level of competence, self-evaluation, need of education.*

**Introduction.** Key importance for the success of any entrepreneur is the possession of the necessary competencies. They are the basis for the realization of the entrepreneurial functions and the achievement of results in the economic activities.

The term “competencies” in its theoretical and practical aspect began to be used in the year 1973, with respect to the research of the American psychologist D.

McClelland connected with the recruitment of personnel and their introduction in the respective work positions. Viewing competencies as a combination of knowledge, skills, personal attitudes and personal behaviour in the achievement of results, he connects them to a particular professional role in a certain organization [15].

In 1982, R. Boyatzis contributed more to the clarification of the issue. On the basis of a vast research for the definition of the characteristics defining the effectiveness of managers of different job positions, he offered models for the managerial and individual competencies [1].

According to Boyatzis „a competency is defined as a capability or ability. It is a set of related but different sets of behavior organized around an underlying construct, which we call the “intent” [2, pp. 5-12].

In the scientific publications, competencies are defined as constant particular personal traits and characteristics which affect realization [22].

The competency approach is applied in the EU in connection with the formation of personalities, possessing key professional, civil and social competencies necessary for effective realization and adaptation to the constant changes in the socio-economic life.

The European Qualification Frame for Lifelong Learning defines competence as “proved ability to use knowledge, skills and personal, social and methodology constructs in work and education situations as well in professional and personal development” [5, p. 11]. In the same resource knowledge (theoretical or factual) is defined as the result of acquisition of data in the learning process, and as a combination of facts, principles, theories and practices connected with a certain sphere of work or education. The skills (cognitive and practical) according to the European Qualification Frame are the ability to apply knowledge and use know-how in solving tasks and problems. It is worth mentioning that the abilities for using knowledge and skills should be interpreted from the point of taking responsibilities and being independent.

In scientific literature competencies are viewed as key (basic, primary) and specific, different competencies [9]. By key competencies, the quoted authors mean the competencies necessary for all people: for personal development, civil conscience, social integration and realization. They are defined as “knowledge and skills, attitudes and assessment relations without which it is impossible to realize a particular activity, behaviour, solution” [9].

Among the key competencies defined by the European Commission are the entrepreneurial competencies. They are defined as the one of the eight key competencies which should be acquired at schools.

**Methodology of the Survey.** To reach the goal, the survey used a questionnaire research of 142 people of young age in Bulgaria (up to 29 years old). To collect the data is used the method of responsiveness due to its adequacy to the specifications of

the researched subjects as well as the data which needed to be received. The method is suitable with regard to the field work with the researched people as it provides the opportunity for direct contact with the respondents in the form of private and group meetings with them. The survey is limited by time and place of carrying out. It was carried out in the period April-June 2017 and refers only to the entrepreneurial competencies and the need of education for acquiring them. For the processing of the collected data are used statistical methods – observation method, group method, analysis method, graphic method and calculation of relative quantities. The procession of data is made with the help of SPSS for Windows.

**Description of the Issue.** The publications research shows considerable interest among different authors in clarification of the concept of competencies. It is caused by the increase of the practical importance of the competencies approach and the formation of necessary abilities for the realization of various human activity. Today, for the socio- economic progress we need highly qualified human resources, people possessing the necessary knowledge, skills and attitudes for applying them as well as adequate behaviour in the constantly changing and unpredictable environment.

This requirement is especially valid for entrepreneurs, who based on their characteristics and functions are the driving force of innovations and economic development.

From historical point of view, the issue of the knowledge and skills of entrepreneurs in combination with their personal attitudes and behaviour for achieving results in their economic activities has its roots in the writings of the classicists of the theory of entrepreneurship. For example, the epistemological theory of entrepreneurship emphasizes the knowledge of the entrepreneur while the behavioural theory “points in the direction of competencies and behaviour of the entrepreneur based on his personal qualities and revealed in his concrete actions” [13, pp. 9 – 11]. In the theoretical publications of entrepreneurship is established the view that entrepreneurs should possess particular knowledge, skills and behaviour in order to manage successfully their own business. In the distant 1803 Jean-Baptiste Say in his “Treatise of Political Economy” [18] showed that entrepreneurs apply their received knowledge in the realization of useful activities and need to possess a number of skills connected with the organization and management of the production process, staff recruitment, customer attraction, financial accountancy etc.

Later, in 1890, in his fundamental work „Principles of Economics“ A. Marshall [14] views the knowledge of entrepreneurs as one of the basic production factors, the most powerful driving force of production and points out the importance of such crucial entrepreneurial skills for researching the market tendencies, skills for improving the organization of businesses, choosing staff and assigning positions based on their qualifications.

The need of specific knowledge, professionalism and competency was discussed

by M. Weber [21]. In 1911, in his publication „The theory of economic development“ J. Schumpeter also pointed at the role of knowledge as a factor in the development of entrepreneurship and innovation [19]. Evaluation of the importance of knowledge in entrepreneurship is given by F. Hayek [7; 8].

The competencies of the entrepreneurs as an important factor have been discussed in modern publications as well. The authors define the nature, meaning, type and characteristics of entrepreneurial competencies and based on their research have outlined the most important ones according to their opinions. Defining the qualities of the entrepreneur, M. Casson point out knowledge (of basic goals and practical knowledge), particular skills (for research, prediction, organization, delegation, calculation, communication skills) and competencies as crucially important for entrepreneurship activities [3, p. 25, p. 30, pp. 38-39].

The importance of entrepreneurial competencies, knowledge and skills as a factor for successful business is emphasized by P. Drucker, who pays special attention to new knowledge defining it as the “superstar” of entrepreneurship [4]. L. Thurow has show that change and development require the formation of entrepreneurial skills, knowledge and qualification [20]. M. Gordon also supports the idea that entrepreneurship is acquired and based on knowledge. He defines 11 exceptionally important entrepreneurial skills – assessment of the present situation, aiming at innovative idea, irresistibility (successful completion of all projects), clear negotiations for successful outcome for both sides, problem solving, making right decisions, giving ideas, activation of resources, effective communication, decisive actions, business correctness [6].

J. B. Rubin [16, pp. 152-155] connects entrepreneurial competencies with the competitiveness and professionalism of entrepreneurs. According to him the professional competencies of individual subjects of the entrepreneurial business combine a vast range of theoretical and practical knowledge (economic, law, sociological, social-psychological, theory of entrepreneurship, theory of competition and other fields of science), skills in different aspect of business – creation, organization, administration, management of business process, etc. as well as habits which are necessary for the completion of professional activities in the sphere of entrepreneurial business.

M. Lackéus views entrepreneurial competencies with respect to the creation of innovations and the abilities for their improvement. From that point of view, his definition is that entrepreneurial competencies are knowledge, skills and attitudes that affect the willingness and ability to perform the entrepreneurial job of new value creation; that can be measured directly or indirectly; and that can be improved through training and development [12, p. 1].

H. Kaur and A. Bains [11, pp. 31-33] point out that entrepreneurial competencies are defined as the individual characteristics and that it requires certain

strategic skills for profitable functioning. In their research they define the nature and importance of entrepreneurship competencies such as: Strategy Competency; Commitment Competency; Conceptual Competency; Opportunity Competency; Relationship Competency; Organizing Competency; Learning competency; Personal Competency; Technical competency; Social Responsibility Competency; Familism Competency; Ethical Competency.

E. Izquierdo, D. Deschoolmeester and D. Salazar [10, pp. 7-8] in their research study the importance of 19 entrepreneurial competencies out of which on the basis of the received evaluation they define as particularly important the identification and assessment of business opportunities competency; decision making competency; networking competency; identification and problem solving competency; oral communication competency; innovative thinking competency etc.

J. Sanchez [17, pp. 165-177] reveals the positive role of entrepreneurial competencies for the performance of the firm, competition range and organizing skills.

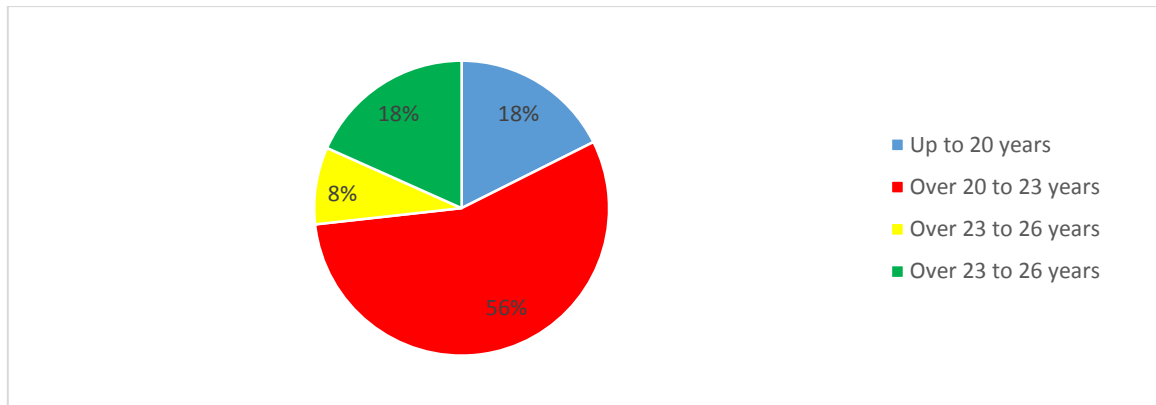
When discussing this issue, it is important to consider the fact that competencies can be developed [2, pp. 5-12] and improved through education and experience and in this way the entrepreneurial career could be influenced [3, p. 30].

In the contemporary rapidly developing environment a major factor for the success of the entrepreneurial business is the constant enrichment of knowledge, the formation of new adequate skills and the gaining of practical experience. The acquisition of professional knowledge, skills and experience in combination with personal values, attitudes, characteristics and motivation of entrepreneurs is a great prerequisite for the professional and quality performance of entrepreneurial functions [13, pp. 207-208].

**Previously unsettled problem constituent.** Despite the numerous works devoted to the entrepreneurial competencies the issue for the competencies needed of young people for entrepreneurship activities remains insufficiently clarified.

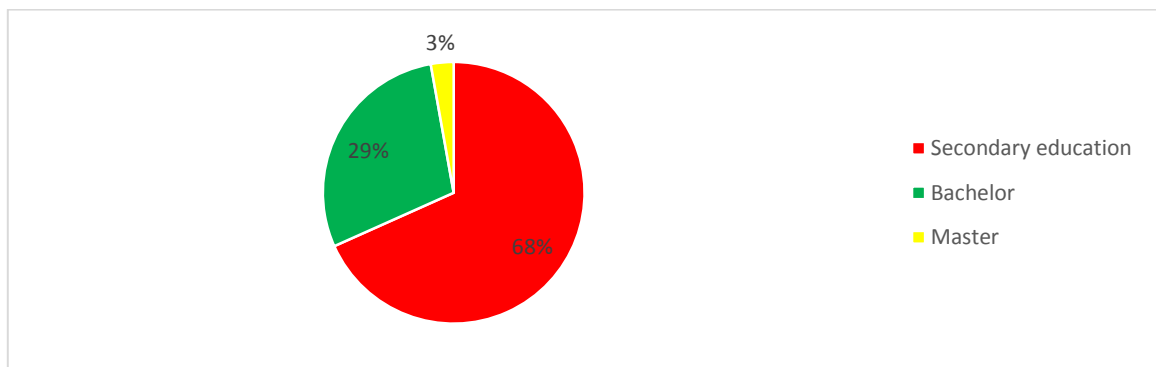
**Main purpose of the article.** The aim of this article is to present the results of a statistical survey carried out with the purpose of the finding out the entrepreneurial competencies among young people (men and women of maximum 29 years old) and their need of education in order to start and manage a private business.

**Results of the Research and Discussion of Results.** A statistical survey is carried out with the purpose of finding out the existence of entrepreneurial competencies in young people and the need of educating them to start and manage their own business. The results of the survey show that out of 142 respondents at a young age (up to 29 years old). 32.4% are men and 67.6% are women. They are distributed in the following age groups (fig. 1):



**Fig. 1. Distribution of respondents by age - %**  
(own calculation based on surveys' results)

The characterization of the surveyed young people is enriched by adding their educational degree. The majority of them have secondary education, which means that the young people who took part in the survey had insufficient competencies in all the spheres connected with the creation and functioning of private business (fig. 2).



**Fig. 2. Distribution of respondents by educational degree - %**  
(own calculation based on surveys' results)

It becomes obvious from the questionnaire survey that a great part of the respondents are planning to start their own business – more than 56%, while only 10.6 % of them answer that the education preparation/degree they have now is enough for starting and managing a private business and only 11.3% of them have experience as entrepreneurs. This result proves the need for measuring their competencies and the necessity of further education in the field of entrepreneurship. This was the basis of our research which was aimed at finding out the existing competencies of young people to create and manage their own private business.

For the purpose of studying the level of entrepreneurial competency, from the vast range of different competencies are chosen only 26, as follows:

– part of them, (seven competencies) are defined by E. Izquierdo, D. Deschoolmeester and D. Salazar as particularly important [10]: identifying business

opportunities, evaluating business opportunities, decision making, networking, identifying and solving problems, oral communication abilities, innovative thinking.

– another part is discussed by Kaur and A. Bains [11, pp. 31 – 33] - strategy competency, organizing competency, learning competency, social responsibility competency.

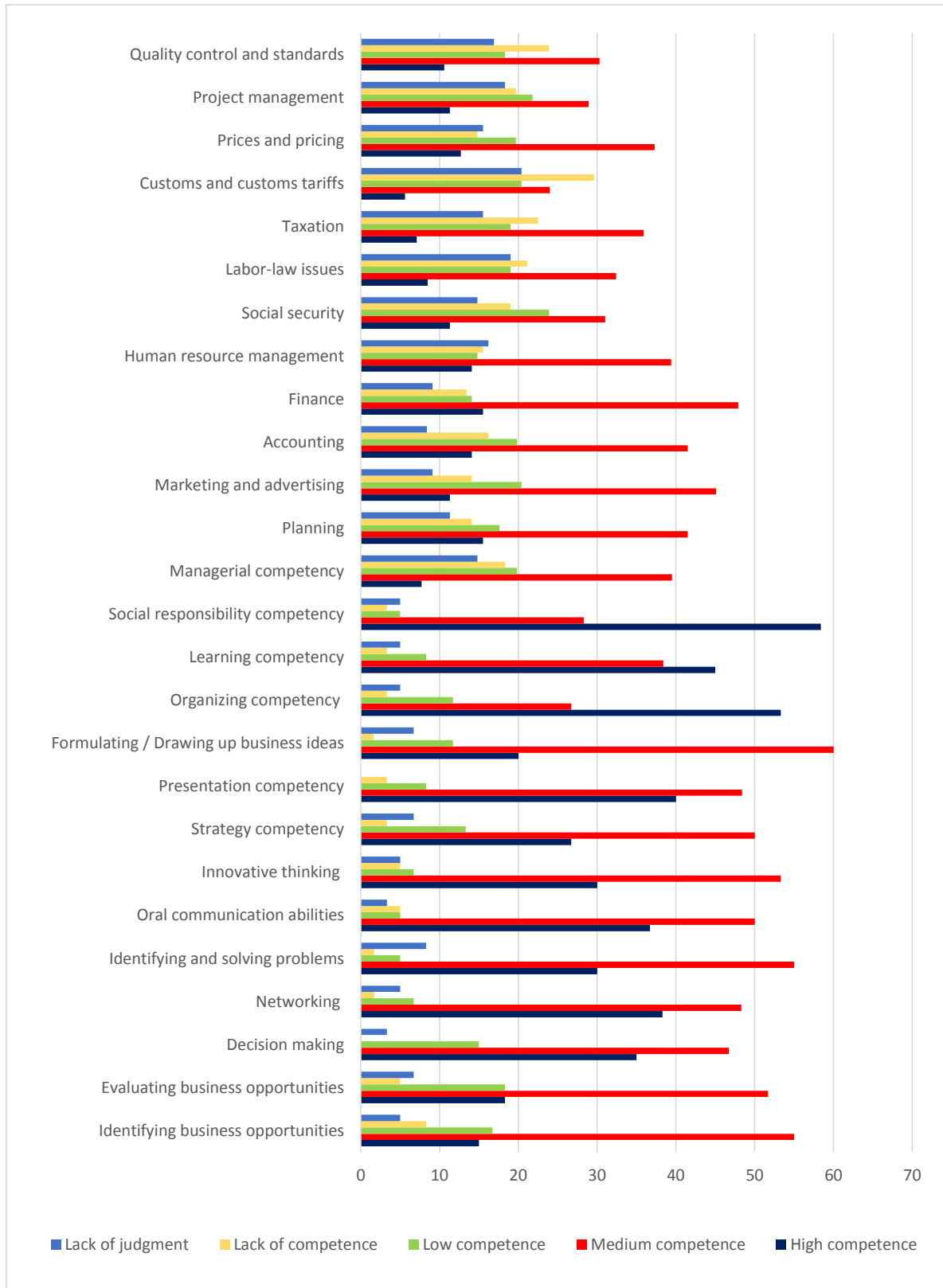
– the third part of competency is defined by us – they are connected with economic, managerial and legal knowledge, skills and abilities which we consider exceptionally important and necessary for reaching success in business.

For finding out the level of competence in each of the defined sphere of entrepreneurial activity is used the method of self-evaluation by respondents according to a four-level scale – high, medium and low degree of competency and lack of competency. Some of the answers reveal the inability of respondents to assess the level of their competency but their number is insufficient.

The results of the self-assessment of the level of competence of respondents are presented in figure 3.

The ranging and analysis of the results shows that the part of respondents who claim to possess high levels of competencies such as Social Responsibility Competency (58.4%), Organizing competency (53.3%), Learning competency (45.0%) and Presentation competency (40.0%) is the biggest. As regards the other competencies the number of respondents who answered positively decreases. The analysis shows that in various important areas of business and entrepreneurship the number of respondents with high levels of competency is small. The ranging according to numbers of respondents who possess the respective competency is the following: Decision making (35%), Identifying and solving problems (30%), Innovative thinking (30%), Strategy competency (26.7%), Formulating / Drawing up business ideas (20%), Evaluating business opportunities (18.3%), Planning (15.5%), Finance (15.5%), Identifying business opportunities (15%), Accounting (14.1%), Human resource management (14.1%), Marketing and advertising (11.3%), Managerial competency (7.7%).

The medium figures about the level of possessing the discussed 26 types of competency are the most prevailing. The respondents who evaluated their knowledge, skills and experience with medium levels varies between 24% to 60%. In this group, the biggest part have those with the following medium levels of competency: Formulating / Drawing up business ideas (60%), Identifying business opportunities (55%), Identifying and solving problems (55%), Innovative thinking (53.3%), Evaluating business opportunities (51.7%), Strategy competency (50%), Oral communication abilities (50%), Presentation competency (48.4%), Networking (48.3%), Finance (47.9%), Decision making (46.7%), Marketing and advertising (45.1%), Planning (41.5%), Accounting (41.5%).



**Fig. 3. Self-assessment of the level of competence**  
 (Authors' own study and calculations)



The existing of low results and lack of competencies, as well as the small part of high results shows not only the level of competency but also the future of the business. Those results are an indicator for the need of forming new and complementary knowledge, skills and experience in a number of areas. The same conclusion can be made from the answers to the question about the need complementary education for acquiring of new and enriching existing competencies for taking entrepreneurial activities. The analysis reveals that 81% of the surveyed young people claim the need for getting additional knowledge, skills and practical experience in order to successfully carrying out their future private business.

On the basis of the received results from respondents about their desires we have defined the areas in which they expect to be offered additional and new knowledge, skills and experience arranged according to their frequency of claiming: Accounting, Finance, Marketing and advertising, Taxation, Managerial competency, Planning, Project management, Labor-law issues, Identifying and solving problems, Identifying business opportunities, Evaluating business opportunities, Formulating / Drawing up business ideas, Prices and pricing, Human resource management, Customs and customs tariffs, Social security. What makes an impression is the fact that a considerable number of (26%) claim that they need exact practical orientation of their additional education or training.

**Conclusions.** The education of the future entrepreneurs and the formation of the necessary knowledge, skills and experience for starting and developing a successful own business guarantee that they will have a better understanding of the activities and functions of entrepreneurs, will form the specific attitude of successful entrepreneurs to innovation and the entrepreneurial attitude to the market with its tendencies including customer demands.

The formation of entrepreneurial competencies aims to facilitate the putting of ideas into actions by combining knowledge, skills and personal characteristics and attitudes as well as to stimulate creativity, innovation and risk-taking. With this regard, it has to be viewed as an important step for building entrepreneurial thinking, encouraging young people to start own business, increasing the number of starting and successfully functioning enterprises and increasing the growth and innovations in the European Union for the development of its economy.

As regards, the successful realization of the business processes, the education of present and future entrepreneurs should be aimed at forming abilities for structuring, planning and managing those processes. Having in mind that entrepreneurship is a complex professional activity, for its successful realization we need special entrepreneurial education including the whole spectrum of theoretical and practical knowledge and skills in all areas of the particular business, its organization and management. Considering this, the formulated competencies of this survey are only

one part of the knowledge, skills and experience which the contemporary entrepreneur should possess. At the same time, the formation of entrepreneurial competencies should correspond not only to the specific needs of the various groups of present and future entrepreneurs but also to the time in which they appear and the dynamics of the needs caused by changes in the environment and the perspectives, priorities and visions of the future development of business.

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