FUNDAMENTAL ASPECTS OF THE ENTREPRENEURSHIP IN THE CONTEMPORARY ECONOMIC WORLD

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Abstract

Many individuals in the modern society are considering running their own business as the best option that they have regarding their employment.

The progress of small and medium enterprises sector provides huge potential on the absorption capacity of the young labour force.

Frequent and rapid changes in the structure of the work program eliminate the idea that an individual has only one job during the entire life.

Therefore, people endowed with entrepreneurial skills they have to successfully cope with a new socio-economic context.

Keywords: business, economy, entrepreneurship, individuals, entrepreneurial skills, opportunities, success.


1. Introduction

What is the entrepreneurial spirit? The word „entrepreneur” first appeared in France in the XVII-th century and, since then, its meaning evolved very much, as well as its complexity.

The term „entrepreneur” origin is from French expression. It must also be said that, over time, there were a lot of meanings of the notion „entrepreneur”. Each such meaning analyses the „entrepreneur” from an essentially different perspective, such as: the initiations process, the organisation process, the innovation process, the wealth gathering and creation process, as well as the risk assumption process.

Initially, the word was used to describe an individual who started a project.

In the contemporary age, on the other hand, the general meaning of this word means an individual who starts a new business or an improved business. Thus, the concept means starting one’s own business.

„The entrepreneur is the person who initiates and carries on an action, assuming the risks associated with innovation, in exchange for personal satisfaction.” (Sasu, et al, 1999)

At the same time, „the entrepreneur is an authorised natural person or a legal person who, individually or in association with other authorised natural persons or legal persons, organises a company, further referred to as an enterprise, with the purpose of conducting commercial facts and acts.” (Popescu, et al, 2003)

2. Literature review

In the XVIII-th century, there appear the first economic theories that recognise for the first time the place and role of the entrepreneur. Thus, the French-origin economist Cantillon considers that „the entrepreneur is a person who assumes risks, because they buy for a secure price and sell for an uncertain price, consequently acting under risky conditions.” (Hisrich, et al, 1998)

„He considers the entrepreneur to be the main figure in economy.” (Herbert, et al, 1988)

The English industrial revolution gave the entrepreneur an important role with regard to risks, as well as with regard to the transformation process of the resources involved. At the same time, it is also specific for this period of time that the notion of entrepreneur was slightly different from the term „capitalist”. Numerous inventions from this period would have been impossible to realise had it not been for capital owners, but these people did not have entrepreneurial abilities.

The XIX-th century brought forward theories according to which the entrepreneur was analysed mostly from an economic perspective, which led to a context where he was not fundamentally different from a manager.
Nevertheless, for the first time in the economic specialty literature, the entrepreneurial activity becomes synonymous with the notion of management.

During this period, in England, the expression „undertaker” was replaced by the notion of capitalist.

In Germany as well, a clear distinction is made between the notion of entrepreneur and that of manager.

We must take into consideration that, presently, the entrepreneur is appreciated as an innovative person, as well as one who assumes the arising risks.

In the United States of America, a major accent is placed on the term „entrepreneur”, which is different from the notion of capitalist. The entrepreneur is considered to be „the main production agent”. (Walker, 1884)

According to the renowned American economist Jeffry Timmons „a good entrepreneur can model and create an opportunity where others see very little or nothing at all, or they see it too early or too soon”.

At the beginning of the XIXth century, the French economist Jean Baptiste Say wrote that „an entrepreneur moves the economic resources from a low productivity area to an area with higher productivity and more consistent results. By doing so, entrepreneurs add great value to rare resources”.

In the XXth century, Austrian economist Joseph Schumpeter focused on the way in which entrepreneurial activity based on improvement and innovation creates the premises for change. The author saw entrepreneurship as „a creative destruction force”.

Business management expert Peter Drucker continued the ideas of his predecessors and described the entrepreneur as the individual who is in permanent search of change, is responsible for it and exploits it as a major opportunity.

3. Methodology and data

In the XXI-st century, the entrepreneur starts to be analysed also from the point of view of their psychology, and is considered an individual who has a great need for personal satisfactions.

„At the same time, security, prestige, power and services to society are important reasons for profit maximisation.” (Lipper, 1985)

The economic theory defines the concept of entrepreneur as the owner-manager of a distinct organisation. If we analyse this notion in the Webster's Third New International Dictionary, we see that they are „the person who owns, organises, leads and takes over the risk of a business.”

From the perspective of the present economic context, the entrepreneur is defined as a „prospector” whose final goal is to increase his earnings or his fortune. But this approach of the term is a very simple one, while it is absolutely necessary to also take into consideration and outline the social and political implications specific to this complex process. Accent must also be placed on the entrepreneur’s quality to make it through their own strength, to be able to make a stand and take initiative in the competitive market.

From the point of view of certain economists, the entrepreneur is the individual willing to take the risk of starting a new business in a context where there are great possibilities of making high profits; at the same time, for other economists, the entrepreneur is an innovator who gives value to his own innovative idea. Also, there are economists who consider that entrepreneurs develop new processes and sell products that meet the market requirements and that, at that certain moment, are not supplied by any individual or entity.

The Penguin Economic Dictionary shows some extremely important functions of the entrepreneur, such as:

- Providing capital for the company's activities;
- Procuring necessary capital for the company's functioning;
- Organising the production process;
- Efficiently combining the production factors;
- Consciously taking over all the risks which derive from the company's economic activity.

So, the entrepreneur has three main specific functions:

- Is a bearer of risk and uncertainty;
- Is innovative in their specific field of activity;
- He is the organiser and leader of the company.

„A great contribution to the study of the concept of entrepreneur and of their role was brought by Schumpeter. The key-word in his work regarding the entrepreneur is innovation, the two concepts virtually overlapping in his work.” (Sandu, 1997)

American professor P. Drucker makes a detailed analysis of the notion of entrepreneur from a strictly managerial perspective. This considers that the entrepreneur will always seek change, which they will identify, analyse and exploit like a great opportunity. In other words, their choice is based neither on art, nor science, but on the experience gained in practice. The entrepreneur must focus on exploiting the new opportunities on the market. P. Drucker considers that a certain competitive advantage can be obtained from developing the entrepreneur’s successful behaviour in the organisational environment.

„The analysis of the large specter of visions on the entrepreneur leads to the existence of three fundamental visions regarding them:
I. Entrepreneurs are regarded as persons who react and respond to the market's signals;
II. The entrepreneur, by their activity and the applied management, causes gradual improvements of existing products and processes;
III. The entrepreneur causes economic development by introducing innovations which fundamentally change the allotment of production factors.” (Sandu, 1997)

All in all, the accent is on the hypothesis according to which the entrepreneur is different from an organisation's owner-manager. Thus, if the innovative character of the activity they perform is not manifested, then they can be considered part of the enterprise administrators’ category.

The economic, political and social system of a country can be significantly influenced by the existing business environment.

Generally, business can contribute to the improvement and completion of the system by offering a coherent viable alternative. The business environment supports the continuous improvement of the contemporary society by facilitating and encouraging:

- Innovative processes;
- Entrepreneurial initiative;
- Individual independence;
- Entrepreneurial dynamism;
- Entrepreneurial diversity.

So, it is easy to see some of the major benefits for society due to the starting of new businesses, on the one hand, and by creating new work places, on the other hand. The lack of entrepreneurs can even attract a stagnation in the progress of society, because there will be no more new ideas to ensure the good development of the society in its whole.

Presently, more and more individuals believe that starting one’s own business is the greatest, if not the only opportunity to get employed.

On the other hand, the continuous evolution and development of the private sector creates the premises for a quick absorption of the labour force available in the economy. This development is focused mainly on the:

- General degree of recognition of the business importance in the contemporary economic world;
- Multiple changes in the structure of businesses;
- Universal tendency to decrease the size of a business;
- Participation of entrepreneurs in the exploitation of niche opportunities;
- Continuous encouragement and development of the economic environment whose main objective is to create small or middle-sized enterprises;
- Participation of a growingly larger number of individuals in the creation and consolidation of the business environment from the perspective of a successful entrepreneurial career.

Entrepreneurs are those individuals who see the opportunities of launching their own business, opportunities that have not been yet seen by other members of the society. They will never have these „opportunities” left unvalued, but will try to make the best of them.

From the community’s point of view, the process of starting a business may be a project that brings even more benefits to the community than to the entrepreneur. This concept comprehends not only those entrepreneurs, who start a business, but also those individuals who show an entrepreneurial spirit in a company or people who are involved in some volunteering activity.

A community’s culture can have a significant impact on the current entrepreneurial activities. Cultural differences certainly encourage different manifestations of the main entrepreneurial levels. Thus, a community that gives great importance to superior hierarchical organizations or to experts or professionals in a field can discourage the free manifestation of the entrepreneurial spirit.

At the opposite end, there are communities which give greater importance to individual development, so there is the possibility to encourage entrepreneurial initiatives. All these elements try to combine the reasoning of economic theoreticians with common practices specific to entrepreneurial activities in the developed countries. As a consequence, a proper answer will be sought to some fundamental questions, such as:

- „Why do individuals want to become entrepreneurs?”
- „How can they become successful entrepreneurs?”
- „Why is the entrepreneurial spirit good for a company?”
- „How can state governments encourage entrepreneurial initiatives and, at the same time, the phenomenon of current economic growth and development?”
- „Who can become a successful entrepreneur?” The answer to this question is that there is no general profile clearly defined. Successful entrepreneurs are of different ages, have different educational backgrounds or professional experience.

Specialty research in this field show that most successful entrepreneurs have some fundamental qualities:

- Creativity;
Intelligence; 
Determination; 
Flexibility; 
Trust in their own abilities; 
Leadership skills; 
Passion for their „job”.

In the contemporary economic world, each entrepreneur must have all these important qualities. But this is true in different proportions for each individual. It must also be said that many abilities can be achieved through lifelong learning.

The most important strategy is to develop and continuously perfect the strong points and to correct the identified weak points as soon as possible.

The daily reality makes the main entrepreneurial abilities be objectively reflected by:
• The individuals’ ability to produce original, new and revolutionary ideas;
• Their ability to do things differently;
• The individual ability to take advantage of the different initiatives that appear on the market at a certain moment;
• The self-development and self-perfecting will specific to individuals;
• The entrepreneurs’ ability to open new „roads” and to make the best of the possible opportunities that appear;
• Their ability to successfully accomplish the established objectives.

4. Results and discussions

„What determines an individual to start their own business?” The reasons are varied and well argued. Maybe the individual is not satisfied with their current job or it does not give them strong enough motivational perspectives on the development of their career. It may be that the individual is aware of the imminence of their dismissal or does not foresee the perspectives of a motivational salary increase in the near future.

Also, certain individuals are of the belief that they never wish to work for anyone else but themselves. They object to a system based most of the times on seniority in work and not focused on the individual’s professional accomplishments. These individuals also disagree with complying with a certain corporatist culture.

Other individuals decide to become entrepreneurs because they are disappointed with the existing bureaucratic system, as well as with the many political implications that have an impact on their professional development.

On the other hand, most of the entrepreneurs are attracted to the multiple advantages offered when starting their own business:
• Entrepreneurs are their own boss, thus being the ones who make and implement decisions in the company;
• The possibility of a much more satisfying financial reward;
• The entrepreneurs’ implication in the complete exploitation of their own business;
• Increasing the prestige of individuals;
• The possibility of raising their own funds.

5. Conclusions

Most economists today agree that entrepreneurship is the main ingredient for the stimulation of economic growth, while also being a viable alternative in the creation of new jobs phenomenon.

For the economies of developing countries, successful small and middle-size enterprises are the central core for: creating new working places, growing incomes and heavily diminishing poverty.

Thus, government support for the development of entrepreneurship is a fundamental strategy for the stimulation of economic growth.

Entrepreneurship surpasses the traditional view on companies started only with the purpose of getting profit. There are several meanings of this concept, the opportunities being limited only by the imagination of the involved individuals.

Entrepreneurial activities can also include companies based on profit, but whose activity is supporting the mission of non-commercial organizations (for example, companies whose main purpose is simply the preoccupation for protecting the environment).
6. References

[7]. Schumpeter J., The theory of economic development, Oxford University Publishing House, 1961;