

## INTRODUCTORY ELEMENTS ON ENTREPRENEURSHIP

**Georgeta Florina Bat (Iorga)**

*Doctoral School of Economic Sciences, Faculty of Economic Sciences, University of Oradea, Romania*

*eugiorga@yahoo.com, getuta1976@yahoo.com*

**Abstract:** *Entrepreneurship is a contemporary form of involvement of individuals in community life. It contributes to economic growth because entrepreneurs are creating new businesses. Entrepreneurship implies that entrepreneurs are directly responsible for their careers, personal skills are transferable from one work environment to another, success not only refers to salary and social status, but also to personal satisfaction, personal development, work-life balance, and personal autonomy. This article includes a theoretical approach to entrepreneurship, which describes the characteristics, principles, factors, types of entrepreneurship, culture and education in entrepreneurial activity. Entrepreneurship is a recognized phenomenon at global, national and local level. It is a topical theme that has prompted the interest of researchers in various fields to be associated with economic growth and economic development, creating new jobs, improving living conditions, technological progress being assimilated to prosperity.*

**Keywords:** *entrepreneur; entrepreneurship; culture and entrepreneurship education; Entrepreneurship; entrepreneurial activity.*

**JEL Classification:** *L26; D01.*

### 1. Introduction

When the term entrepreneur has begun to be used very often in the context of economic development, his features have received particular attention.

The evolution has made the economists pay special attention, including by determining the psychological profile that includes the following characteristics: a high level of ambition, the need for performance, work experience, worthy of behavior, prediction for assuming the risk. (Kent, Seton, Vesper, 1982, p.2).

Entrepreneurs are important promoters of growth, employment, innovation and productivity. Developing entrepreneurial skills for young people has positive effects on their social status in the sense of gaining financial independence and social recognition. Due to this, the effects are felt at both local and national level through economic growth and, implicitly, rising living standards.

Starting from Adam Smith's theoretical entrepreneurial contributions Richard Cantillon, Jean Baptiste Say, Alfred Marshall, Iosef Schumpeter, Israel Kiryner and Frank Knight, OECD and Eurostat agreed on the following definition:

Entrepreneurs are business people who are trying to generate value by creating or developing economic activities by identifying and exploiting new products, processes and new markets;

## 2. The concept of entrepreneurship

The term "entrepreneurship" comes from the French word "entrepreneur", which in the context of business means "undertaking, starting a business".

The ideal outcome of the intersection of entrepreneurial opportunities with individuals with entrepreneurship is the establishment of a profitable business, which is why many of the definitions of entrepreneurship as a process share the mention of its outcome, namely the establishment of a business. So, entrepreneurship is any attempt to set up a new business or a new company, or to develop an existing business or company by an individual, group of individuals or a firm (Bosma et al., 2012, p.9 Benyovszki et al., 2014, p.8).

Entrepreneurship refers to an individual or a group of individuals more or less distinct from the rest of the population through their individual traits that, within or outside an organizational, public or private context, establish a more structured enterprise / structure or less innovative (Pintea, 2007).

Entrepreneurship is the process by which new organizations are set up or mature organizations are revitalized, and businesses are emerging as new opportunities are identified. (Onuha, 2007 and Eroğlu & Piçac, 2011, p.146).

Other definitions of entrepreneurship insist on the characteristics of the process, not the outcome of the process. So:

Entrepreneurship is a dynamic process that involves vision, change and creation. It requires energy and passion for creating and implementing new ideas and creative solutions. The necessary ingredients for entrepreneurship are the following: willingness to take calculated risks, the ability to form an efficient team for the business to be set up, the ability to manage the necessary resources, the ability to conceive a solid business plan, the vision to recognize opportunities where others see chaos, contradictions and confusion (Kuratko & Hodgetts, 2004, p.30 Kuratko, 2005, p.578).

Entrepreneurship is the process by which the subject creates something different and valuable, dedicating to this purpose the necessary time and effort, while assuming financial, psychological and social risks to obtain financial results and personal satisfaction (Hisrich, 1990, p.209 apud. Rauch & amp; Frese, 2000, p.6).

Entrepreneurship is an activity oriented towards performance and achievement, individuals spending an effort on subsequent financial and non-financial rewards. Among the rewards in the second category can be mentioned the following: high level of autonomy, job satisfaction, well-being (Hopp & Stephan, 2012, p.923).

Entrepreneurship means searching for or creating a business opportunity as well as pursuing the proposed goal, regardless of the resources available at the beginning of the process (Timmons, 1997, p.7, Phillips McDougall & Oviatt, 2000, p.903).

Entrepreneurship is the process by which an individual or a group of individuals make efforts to find ways to pursue opportunities to create value and profit by satisfying wishes and needs through innovation and uniqueness without taking into account the resources currently under control (Coulter, 2001, p.6 and Bjerke, 2007, p.16).

Entrepreneurship is a type of behavior that focuses on opportunities rather than resources, behavior that can manifest itself within large or small companies, but also in any other context (Stevenson & Gumpert, 1991, Thurik & Wennekers, 2004, p.140).

Entrepreneurship implies that entrepreneurs are directly responsible for their careers, personal skills are transferable from one work environment to another, success not only refers to salary and social status, but also to personal satisfaction, personal development, work-life balance, and personal autonomy.

Entrepreneurship is a performance and performance-oriented activity, with individuals taking an endeavour for further financial and non-financial rewards. Among the rewards in a second category can be the following: high level of autonomy, job satisfaction, well-being (Hopp & Stephan, 2012, p.923).

Entrepreneurship means searching for or creating a business opportunity as well as pursuing the proposed goal, regardless of the resources we have at the beginning of the action (Timmons, 1997, p. 7, Phillips McDougall & Oviatt, 2000, p.903).

Entrepreneurship is the process by which an individual or a group of individuals make efforts to find ways to pursue opportunities to create value and profit, satisfying wishes and needs through innovation and uniqueness, without taking into account the resources currently under control "(Coulter, 2001, p.6, Bjerke, 2007, p.16).

Entrepreneurship is a type of behavior that focuses on opportunities rather than resources, a behavior that can manifest itself within large or small companies, but also in any other context (Stevenson & Gumpert, 1991, Thurik & Wennekers, 2004, p..140).

Entrepreneurship implies that entrepreneurs are directly responsible for their careers, personal abilities are transferable from one working environment to another, success not only refers to salary and social status, but to personal satisfaction, personal development, work-balance - autonomy.

### **3. Stages of entrepreneurial evolution**

According to the Global Entrepreneurship Monitor (GEM), certain conditions that influence entrepreneurship are different and complex from one country to another, we cannot conclude that a stage in the development of entrepreneurship will naturally lead to the next level (e.g.: an economy with the large number of potential entrepreneurs is not implicit and an intense entrepreneurial activity).

Types of entrepreneurs after the stages of involvement in entrepreneurial activity:

A. Potential Entrepreneurs: It is the group of those with financial resources to start a business that has identified market opportunities but does not intend to launch their own business due to fear of failure.

b. Entrepreneurs determined: In the case of potential entrepreneurs, the intention to start their own business is supported by the perception of society as regards entrepreneurs, the status they enjoy in society and the positive position with which the media describes entrepreneurial activity.

c. Start-up entrepreneurs: include entrepreneurs who have started their own business and are up to 3 months old on their own feet.

d. New Entrepreneurs: They are the ones who have between 3 months and 4 years in their own business.

e. Consolidated entrepreneurs: are those entrepreneurs who have a business older than 4 years.

f. Suspended entrepreneurs: this category includes entrepreneurs who have interrupted their entrepreneurial activity.

In Romania, according to GEM Romania, the situation of these categories of entrepreneurs is illustrated in the table below:

**Table 1:** Entrepreneurial Activity of Romania 2007- 2013 (%)

<b>Entrepreneurial Activity</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
Potential entrepreneurs	13,6	11,5	9,4	10,65	27,71	30,78	26,82
Start-up entrepreneurs	2,90	2,54	2,79	3,2	5,56	5,51	6,2
Entrepreneurs of a new firm	1,30	1,56	2,30	1,09	4,51	3,83	4,2
Entrepreneurs in the initial phase	4,02	3,98	5,02	4,29	9,89	9,22	10,1
Entrepreneurs of a well-established firm	2,50	2,07	3,38	2,08	4,57	3,91	5,3
Entrepreneurs motivated by opportunity	2,68	2,12	2,76	2,94	5,68	6,94	6,78
Entrepreneurs motivated by necessity	0,56	1,37	1,71	1,27	4,09	2,23	3,20

**Source:** (Own processing after GEM Romania, APS 2007-2013)

According to Table 1, you can observe growth of the potential entrepreneurial percentage from 13,6% in 2007 to 26,82% in 2013. The percentage lowered in 2007 until 2009 and it grew from 2009 to 2013. You can observe that the number of whom intended to initiate a business in the coming 3 years which is in a growth but it needs to be looked after even if is followed of a entrepreneurial behavior. The percentage in the forming entrepreneurs case grew from 2.90% in 2007 to 6.2% in 2013, the percentage from 2012 being with 0.05% smaller than 2011 and the 2013 percentage is bigger than the 2012 one being with 0.05% smaller than in 2011 and the percentage from 2013 is bigger than the one from 2012 in the end even if there is the intention of making a business there is no active implication in the entrepreneurial activity. The number of owners of new businesses grew from 1.3% in 2007 to 4.2% in 2013, the percentage from 2011 being bigger with 0.7% than the one from 2012. Subsequent, in the year 2013 you can observe a new growth compare to the year 2012. The percentage of the entrepreneurial activity in the incipient stage grew approximately 5% in the period 2007-2012, from 4,02% to 9.21%, but in the year 2012 is with 0.68% smaller than in 2011. Again, we can observe that in 2013 there have been a growth of nearly 1% than in 2012.

#### **4. The basic characteristics of the enterprise of the entrepreneurial organization**

Entrepreneurial activity consists of identifying and capitalizing on economic opportunities. Entrepreneurial activity is a process that operates in different environments and business units, causing changes in the economic system through innovations made by people who harness economic opportunities, creating values for both individuals and society.

The set of entrepreneurial actions that make up the above-mentioned process has several characteristics: it can be considered an act of human will; occurs at the level

of an economic entity; is a change of firm; is a holistic (systemic) system; is a dynamic process; a unique approach; involves many variables and the entrepreneurial outcome depends on many factors.

Entrepreneurial activity is a process that includes 10 distinct actions in its structure: identification of business opportunities; conceiving the vision of the entrepreneurial process from the re-assessment of the need for change; assessing their own entrepreneurial performance and taking decisions on the entrepreneurial initiative process; implementing the entrepreneurial vision by organizing the business; procurement of equipment; providing competent workforce; the supply of raw materials; doing business marketing; the sale of products and services; subcontracting and attracting external collaborators for activities for which the necessary skills and resources are not available

Entrepreneurship is a form of activity based on the following features:

The initiative, the entrepreneur does not wait for directions but manifests initiative, mobilizing financial, material and human resources, in order to produce goods and sell them.

Making the decision independently, the entrepreneur takes decisions about the business and traces the directions of the company's development.

Innovation, the entrepreneur is the innovator, the rationalizer, who tends to produce goods or services or to implement new ways of producing or delivering them.

Risk, the entrepreneur risks his reputation, with his investments, that is, the resources invested in the business.

More and more, it is confirmed that both economic growth and prosperity depend on entrepreneurs. They strive to create and offer products / services demanded by consumers, making their lives easier, increasing their productivity and improving their health. In fact, the presence of entrepreneurs and entrepreneurship is necessary to encourage and introduce change in society (Borza et al., 2009).

## **5. Forms and Typologies of Entrepreneurship**

The most common forms of entrepreneurship or self-employment are: the forms of commercial activity licensed or the form of commercial companies. The main difference between the two forms is that a trader (a physical person) carries out business on his own and needs a commercial authorization, while a company (a legal person) is doing business on behalf of the firm, that is, for all its patrons. In this case, a commercial authorization of the founders will be required by a legal contract concluded between them.

## **6. Factors influencing entrepreneurial activity**

Irrespective of its economic performance, the activity of a company will be formed at the intersection of factors such as legislative, normative, social, financial, technological, political and global factors. Each factor influences the entrepreneurial environment in a different way, and can act both in the direction of decreasing and increasing its performance. There are two types of factors that influence entrepreneurial activity: internal and external factors. Internal factors depend on: the size of the firm, the type and specificity of the activity, the personality and the training of the entrepreneur, the level of training of the persons involved, the culture of the firm. External factors depend on: the characteristics and functionality of the

economic system, the conjuncture of the national economy, the market on which the company operates. These factors, due to the favourable or unfavourable content, can have a major impact on entrepreneurial initiatives. Stakeholders include: internal elements (owners, managers, employees, unions); external elements (banks, suppliers, clients, public administration). They have a significant impact on entrepreneurial activity, but we can say that the factor with the greatest influence is the entrepreneur due to his entrepreneurial spirit.

## **7. Essential principles of entrepreneurial activity**

In the project phase of a business, when the needs, values, dimensions and advantages of the business are established, the goal of the entrepreneurial activity must also be prefigured. The entrepreneur must know, at this stage, the principles that will guide his entire activity:

- Developing clear objectives, strategies and action plans that will be systematically reviewed in context,
- producing and delivering goods or services that people want,
- attracting and retaining a client,
- Making enough profit to attract potential investors and keep existing ones,
- Providing rewards (material and moral), stimulating human resources.

## **8. The need for culture and entrepreneurial education**

The concept of entrepreneurial culture has become popular and internationally accepted as an expression of attitude towards trade at a certain level of business. It describes a positive attitude, permissive and socially supportive of entrepreneurial activity. (Morisson, 2000)

Entrepreneurship education encompasses all activities designed to stimulate entrepreneurial thinking, entrepreneurial attitude, but also personal skills to identify business opportunities, set up, develop and innovate a business.

The pillars that facilitate the development of entrepreneurship are: access to finance, regulation and taxation, education and training, entrepreneurial culture.

- It can be said that there are three top reasons to start your own business:

52% Self-fulfilment, possibility to put into practice their own ideas

26% Independence

13% Perspective of additional revenue

- There are also three obstacles considered most useful for starting their own business:

38% Lack of start-up capital

16% Fear of failure

15% uncertain economic situation

It can be seen that most 97% of young people are open to work to achieve their goals and take the risks 82%, but only 56% are available for entrepreneurial activity.

We can assume that they are not prepared for assuming these responsibilities 38%.

Young people prefer to a larger extent entrepreneurs and do not hire 57% to complete their studies, and most would like to start their own business in the next two years 52%. We are especially talking about students in the year of economics faculty terminals. Young entrepreneurs need entrepreneurial education through specific courses and entrepreneurial practice.

**Table 2:** Barometer of Young Entrepreneurship Culture and Education 2014, Romania

<b>Profile of young people from an entrepreneurial perspective</b>	<b>%of the total number of subjects</b>
They want to start their own business in the next 2 years	52%
They are willing to work hard for what they want to get	97%
Considers the vision of the most important quality of a successful entrepreneur	58%
They prefer to be entrepreneurs and not managers	57%
They are willing to take risks	86%
They have a family entrepreneur	56%
They have at least one entrepreneur in the circle of knowledge outside the family	82%
They gave a helping hand to an entrepreneurial firm	51%
Lack of start-up capital considered an obstacle to becoming an entrepreneur	38%
I want to become entrepreneurs after the accumulation of experience	56%
Self-fulfilment, the opportunity to put into practice your own ideas	52%

Source: Own work after Young Entrepreneurship Education and Culture Barometer, 2014

## 9. Conclusions

Entrepreneurship is a complex concept that is and can be analyzed under different aspects. His analysis of the attitude of this activity reveals that there is, among young people, openness and determination for such an activity, but

Even though entrepreneurship has gained attention only in recent years, and has increased the interest of researchers due to the importance it attaches to, the concept has a much longer history, the first forms of entrepreneurial initiative dating back to the earliest times. Entrepreneurial activity is intentional planned behavior, and the formation of entrepreneurial intentions depends on personal attitudes towards the act of setting up a business. The decision to become an entrepreneur is voluntary and conscious.

It can be noticed that for all the years you study, the biggest and rising share is the potential entrepreneurs, which is an optimistic picture of the Romanian entrepreneurship. But they should be among the start-up entrepreneurs after a year, among the other categories in a few years, which, we know, does not happen.

Entrepreneurship education encompasses all activities designed to stimulate entrepreneurial thinking, entrepreneurial attitude, but also personal skills to identify business opportunities, set up, develop and innovate a business.

## References

Specialty articles / Livestock sources

1. Barometer of education and entrepreneurial culture among young people, 2014, <http://files.finantare.ro/2014/studiu-EY-barometrul-educatiei-si-culturii-antreprenoriale.pdf>
2. Global Entrepreneurship Monitor, <https://www.gemconsortium.org/data/sets?id=aps>
3. Alison Morrison, (2000) "Entrepreneurship: what triggers it?", International Journal of Entrepreneurial Behavior & Research, Vol. 6 Issue: 2, pp.59-71
4. Borza, A., Mitra, C., Bordean, O., Mureșan, A., Supuran, R., (2009), Antreprenoriat. Managementul firmelor mici și mijlocii, Cluj Napoca: Editura Risoprint
5. Eroğlu, O. & Piçac, M., (2011), Entrepreneurship, National Culture and Turkey, International Journal of Business and Social Science, 2 (16), p.146-151
6. Grilo, I., Thurik, R. (2005). Entrepreneurial Engagement Levels in the European Union, in "International Journal of Entrepreneurship Education", no. 3(2), 2005, pp. 143–168.
7. Hopp, C. & Stephan, U., (2012), The influence of socio-cultural environments on the performance of nascent entrepreneurs: Community culture, motivation, self-efficacy and start-up success, Entrepreneurship & Regional Development, 24 (9/10), p. 917-945.
8. Kent, C.A., Sexton, D.L., Vesper, K.H. (Eds.) (1982), Encyclopedia of Entrepreneurship, Englewood Cliffs, N.J.: Prentice Hall
9. Kuratko, D.F., (2005), The Emergence of Entrepreneurship Education: Development, Trends, and Challenges, Entrepreneurship Theory and Practice, 29 (5), p. 577-597.
10. Pinteș, S., (2007), Elemente de psihologie antreprenorială: Repere teoretico-experimentale, Cluj Napoca: Editura ASCR (Asociația de Științe Politice din România).
11. Shane, S. & Venkataraman, S., (2003), The promise of entrepreneurship as a field of study, Academy of Management Review, 25 (1), p. 217-226.
12. Stevenson, H.H. & Jarillo, J.C., (1991), A Paradigm of Entrepreneurship: Entrepreneurial Management, Strategic Management Journal, 11 (4), p. 17-27.