

THEORETICAL ASPECTS REGARDING ENTREPRENEURSHIP

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ABSTRACT

The attitude toward entrepreneurship determines the entrepreneurial intention and, subsequently, the entrepreneurial behavior. Also, entrepreneurial thinking is formed by formal, informal and non-formal education. The purpose of this paper is to describe and analyze theoretical aspects regarding entrepreneurship. While entrepreneurship is change and novelty, entrepreneurs are proactive and reactive to all changes in the social and economic environment.

KEY WORDS : *entrepreneurship, business, leaders, innovative.*

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1. INTRODUCTION

For economists, entrepreneurs are individuals that establish changes, innovations and new technologies due to the fact that they combine financial resources, workforce and other resources to enhance their value. Entrepreneurship presents a connection between two phenomena: the presence of some profitable opportunities and the presence of entrepreneurial vision subjects. The ideal result of crossing the entrepreneurial opportunities with the individuals that possess an entrepreneurial vision is the starting of a profitable business.

2. THEORETICAL ASPECTS

The word „entrepreneur” comes from the French „entrepreneur”. It consists of „entre” (the English „inter”) and „prendre” (to take). The French verb „entreprendre” was already used in the 12th century, meaning “to do something” (Hoselitz, 1952).

In 1885, the Oxford University Dictionary defined the entrepreneur as „the director or manager of a public musical institution, a person that provides entertainment, a contractor/ a mediator between capital and workforce (Cunningham & Lischeron, 1991).

Currently, entrepreneurship is a term, but, in the same time, a complex process.

For economists, entrepreneurs are individuals that establish changes, innovations and new technologies due to the fact that they combine financial resources, workforce and other resources to enhance their value.

In 1989, Timmons defined entrepreneurship as being the competence of doing something from nothing. Also, Bosma *et. al.*, 2012, describe entrepreneurship as being any attempt of starting a new business, or developing an existing one by an individual, a group of individuals or by a company.

Synthesizing, entrepreneurship is a dynamic process that requires vision, change

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and creation.

Entrepreneurship presents a connection between two phenomena: the presence of some profitable opportunities and the presence of entrepreneurial vision subjects. Entrepreneurial opportunities are those cases in which new services and stock can be introduced on the market while the subjects with entrepreneurial vision are the ones who identify these opportunities and capitalize them.

The ideal result of crossing the entrepreneurial opportunities with the individuals that possess an entrepreneurial vision is the starting of a profitable business.

2.1. THE DEFINITION AND CHARACTERISTICS OF ENTREPRENEURSHIP

As a rule, the entrepreneur is that person who assumes the risk of starting his own business, as well as the one who, by innovation and creativity, can promote the company's success.

An entrepreneur is a person who creates new business, taking risks in achieving the objectives set in order to have profit and growth by identifying some important opportunities. Over time, the characteristics of the entrepreneur have been studied, thus, the profile of one is defined by the following traits:

- ✓ A detailed sense of independence
- ✓ The desire of taking on a responsibility and directing a business;
- ✓ Increased capacity to intense and lasting effort;
- ✓ A preference for medium risk business
- ✓ Quick response, prompt decision in the current endeavor;
- ✓ Efficient working hours structure.

Specialty literature identifies three types of entrepreneurs:

- Leaders, whose main objective is safety
- Innovative, whose main objective is the desire for excitement
- Controlling, whose main goal is to gain and maintain power.

In specialty literature, at least 13 entrepreneur roles have been identified:

- The person who assumes the risk associated with uncertainty
- The provider of the financial capital
- The innovator
- The decision-maker
- The industrial leader
- The manager/leader
- The organizer and coordinator of economic resources
- The owner of an enterprise
- The user of production factors
- The person who acquires
- The dealer
- The person who organizes resource application
- The person who starts a new company

Entrepreneurship is, first of all, change, novelty, and entrepreneurs are also proactive and reactive to all changes in the social and economic environment.

2.2 THE REASONS FOR BECOMING AN ENTREPRENEUR

The Greek professor Anastasios D. Karayiannis, in „Succesul în afaceri, 1995” (The Success of a Business) claims that the reasons which can determine a person to dive in in entrepreneurship can be classified in the following manner:

- Reasons that are entirely dependent of that particular person (psychological)
- Reasons that are owed to outside influential factors
- Reasons created by the experience you have.

Most frequently, the decision of becoming an entrepreneur is not based on just one reason. The main reasons for becoming one, as described in literature, are:

- The need for fulfillment – almost always, entrepreneurs are persons highly motivated by this need. David McClelland suggests that it is the first factor a person takes into consideration when wanting to become an entrepreneur.
- Opportunity capitalization – not rarely, entrepreneurs aim for the timely moment of starting a business.
- The desire of accomplishing something of their own – many people want to create something in order to show themselves and others that they are valuable and capable of succeeding. Another reason that can determine someone to aim for this domain is his personality: he dislikes routine, the monotony of a day in a certain profession and seeks something that offers him the possibility to think and discover new manner of doing things in whichever manner he desires.

The persons with a greater creative – innovative potential are impelled to start their own businesses because of this reason.

The desire for independence is an important motive that can lead to the verdict of becoming an entrepreneur.

- The yearning for power. The need for fulfillment is often mistaken for the necessity of power. Entrepreneurs, however, how studies show, are not avid for power. The increase in independence, being an owner, offers people more power: the power to make decisions, to collaborate with partners or he ones around.
- The dissatisfaction of being employed. When a person is employed to a manager who doesn't take well his desire to accomplish new things, most often, that person starts to get frustrated. In these types of situations there is the possibility for the employee to come to the conclusion that his employer is not a very capable person. The frustrated employee, by comparing his personal qualities to the ones of his employed, on one hand, and on the other, his income with his employer's, will rapidly come to the conclusion that he is no longer satisfied with his employee status.
- The wish of improving working conditions and lifestyle – hard word or in noxious, stressful circumstances, insufficient earnings, that don't allow a certain and desired lifestyle standard or in comparison to the ones around you, make people to do something that would improve their working and lifestyle conditions for them and their families.

Other reasons:

- ✓ You will be your own boss
- ✓ You will establish your working hours
- ✓ You will be the sole decision maker
- ✓ You will work with people you employed
- ✓ You will progress because of competition

2.2.1. THE MAIN OBSTACLES IN ENTREPRENEURSHIP

Besides the advantages and opportunities that entrepreneurship has, there are a series of obstacles that can emerge, the most crucial ones being:

- Income uncertainty
- The risk of losing the entire investment: there is a risk of bankruptcy of approximately 35% in small companies, even in the first two years, while in the first six, the percentage doubles.
- Hard work under pressure, without the possibility of taking a vacation for a prolonged period of time, because in case of bankruptcy, there will be no more incomes and the clients will be lost.
- Low life quality until the business is established.
- High stress levels because of elevated investments.
- Complete responsibility
- Discouragement and disillusion caused by the obstacles that may emerge.

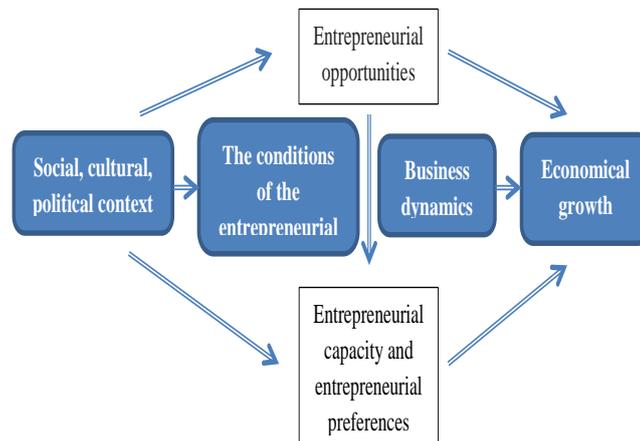


Figure 1 - Relationship between entrepreneurship and growth
(Source: own processing according to the literature)

Entrepreneurship is a manner of thinking and an economic process that must be encouraged and supported because it generated economic growth and implicitly, an improvement in standard of living.

2.3. ENTREPRENEURSHIP IN EUROPE

Small and average companies play an important part in the European Union economy.

Entrepreneurship is a manner of reflecting, a determinant factor of innovation and competitiveness, contributing to the personal growth of individuals.

Entrepreneurs are a symbol of market economy, these providing welfare, jobs, as well as products and services for the population (The European Communities Committee, 2004).

The 4th strategic objective of the European Cooperation Strategic Frame in education and formation, a component of the 2020 Europe Strategy, has, as a main objective, creativity and innovation stimulation, including the one of entrepreneurship

at all education and professional training levels. Thus, in the opinion of Europe's Council, creativity represents the source of innovation, this being the main element for a sustainable economic growth.

In this regard, it is crucial for all citizens to obtain transversal opportunities such as: digital competencies, initiative and entrepreneurship visions.

According to the official document of the European Committee, "European Reference Framework: key competences for lifelong learning", the key competence no.7 refers to the initiative and entrepreneurship vision, namely to the „capability of individuals of transforming ideas into actions” and includes „creativity, innovation, risk taking, planning and managing projects in order to achieve certain objectives” (European Committee, 2007).

Because this economic process brings innovation, competitiveness and economic growth, the European Union is preoccupied with promoting entrepreneurship, the encouragement and support of the European entrepreneurship being a priority.

The 2013 report of Flash Eurobarometer No 354 presents the results of a study performed in 27 European countries and 13 countries outside Europe with over 42000 subjects at an European level, the results being the following, rendered in Image No.2 (the most representative questions):

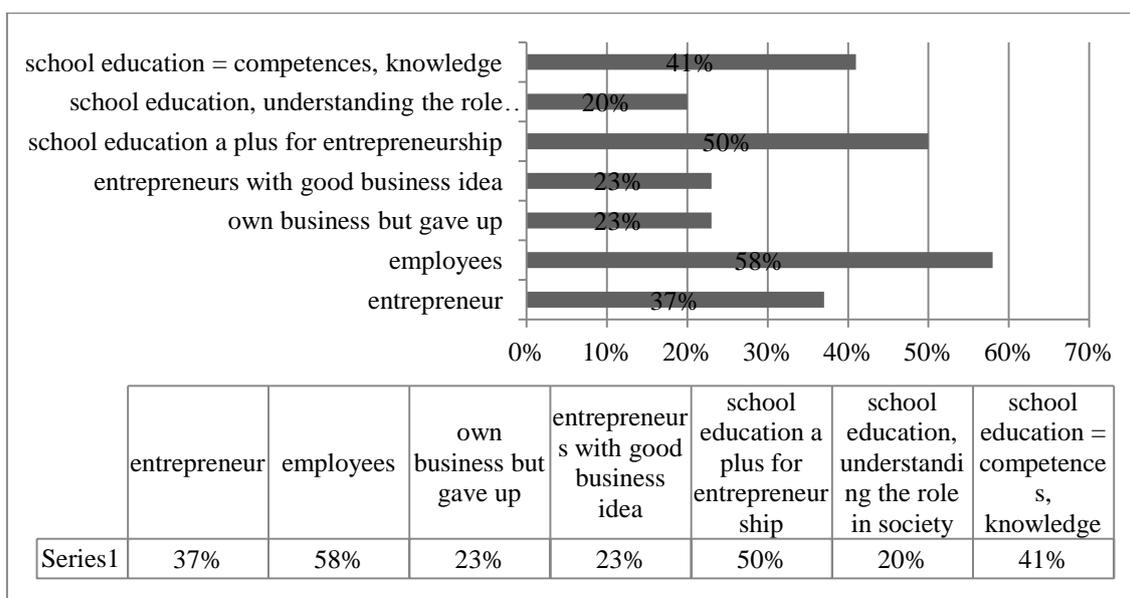


Figure 2 - Entrepreneurship and education

(Source: own processing in excel according to the data of Flash Eurobarometer no 354)

- Only 37% of the respondents would choose to become entrepreneurs, while 58% prefer to be employees
- 23% of the respondents have considered becoming business owners, but have renounced the idea
- When asked what the reasons for choosing entrepreneurship were, 23% have motivated their choice on it being a good business idea.
- 50% of the subjects have confirmed that education has helped them to develop their initiative trait and some sort of entrepreneurial attitude, while 20% consider that education has helped them to better understand the part entrepreneurs play

in society, and education has provided them the knowledge and formed the necessary competencies for managing a business of 41% respondents.

- Also education has made them interested to become entrepreneurs in a percentage of 28%.

3. CONCLUSIONS

Concluding, the attitude toward entrepreneurship determines the entrepreneurial intention and, subsequently, the entrepreneurial behavior. Also, entrepreneurial thinking is formed by formal, informal and non-formal education.

Thus, entrepreneurship is, first of all, a way of thinking, then a planned behavior, and finally, an economic activity.

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