

# ASPECTS ON ENTREPRENEURSHIP AND ENTREPRENEURS

## ASPECTE ALE ÎNȚREPRINDERII ȘI ALE ÎNȚREPRINZĂTORULUI

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**Abstract.** *The paper is reviewing the characteristics of entrepreneurship presenting several indices that measure aspects of entrepreneurial attitudes, activity and aspirations, related to the phases of economic development. Phases of economic development are decided on the level of GDP per capita and the extent to which countries are factor driven in terms of the shares of exports of primary goods in total exports. Perceptions about entrepreneurship may affect the supply side and the demand side of entrepreneurship. On the supply side, or the “pool” of potential entrepreneurs, important perceptions include both willingness and perceived ability to become an entrepreneur. Education levels and the availability of entrepreneurship training programs are possible determinants of perceived skills. On the demand side, or “space for” entrepreneurship, there needs to be opportunities for entrepreneurship, but equally important is that entrepreneurs perceive that there are opportunities for starting a business. There are several assessments to be made; First, there is the assessment of opportunity costs, which involves comparing the expected returns of entrepreneurship to the expected returns of an alternative occupation. Then, there is a risk-reward assessment: even if the expected returns from entrepreneurship are considerably higher than the best alternative, the (perceived) risks involved may be too high for a person who is thinking about starting a business.*

**Key words:** entrepreneurship, economic development, opportunities

**Rezumat.** *Lucrarea analizeaza caracteristicile întreprinzătorului și prezintă câțiva indicatori care măsoară aspecte privitoare la atitudini, activități și aspirații antreprenoriale în concordanță cu fazele dezvoltării economice. Aceste faze sînt determinate de nivelul PIB pe locuitor și de cota exporturilor de bunuri primare în total exporturi prezentate de țări. Percepțiile asupra actului de a întreprinde pot afecta oferta și cererea acestui act. În ceea ce privește oferta sau bazinul de potențiali întreprinzători importantă este atît dorința dar și capacitatea percepută de a deveni întreprinzător. Nivelul de educație și existența programelor de pregătire a întreprinzătorilor reprezintă posibili determinanți abilităților percepute. În ceea ce privește cererea sau spațiul necesar pentru actul de a întreprinde, atunci trebuie să existe oportunități pentru întreprindere, dar la fel de important este ca întreprinzătorii să vadă că există oportunități de inițiere de afaceri. Există mai multe evaluări ce trebuie luate în considerare: a costurilor de oportunitate, a recompensării asumării riscului.*

**Cuvinte cheie:** întreprinzător, dezvoltare economică, oportunități

## INTRODUCTION

There are different and interesting historical views of entrepreneurship in the recent literature, as well as over time. These are reflecting the roles of the entrepreneurship in each of the three economic phases according to Porter's typology of "factor-driven economies", "efficiency-driven economies" and "innovation-driven economies". It is considered to be the first who defined the entrepreneurship as someone who identified the willingness to bear the personal financial risk of a business venture. This definition is related more to the static notion of entrepreneurship as being a "business owner" than to dynamic notion of starting new ventures. The Marshall's view at the end of the 19<sup>th</sup> century focused on the importance of entrepreneur in a market economy. His view is related to the economic view of scale-intensive entrepreneurship as a reflection of the efficiency-driven stage. Another scholar, Schumpeter in the 40's of the 20<sup>th</sup> century linked the dynamic aspect of entrepreneurship to innovations and economic development. The concept of "creative destruction" can be directly linked to the role of entrepreneurship in innovative-driven countries.

## MATERIAL AND METHOD

Some authors presents seven phenomena associated with entrepreneurship, while others are talking about thirtheen differnet concepts of entrepreneurship. In recent studies were identified three main components: entrepreneurial attitudes, entrepreneurial activity and entrepreneurial aspiration (Acs and Szerb, 2008). So, a positive attitude towards entrepreneurship may increase entrepreneurial activity and aspiration, which in turn positively affect attitudes as more positive role models appear. Positive aspirations may change the nature of activity.

Entrepreneurial attitudes represents attitdes towards entrepreneurship. If there are good opporntunities to start business or the degree of attaching high status to entrepreneurs, then the result will be a high entrepreneurial attitudes. Besides, we can include the assmed level of risk, personal skills perception, experience in business.

Entrepreneurial attitudes can be inflenced by entrepreneurial activity, but it can influence entrepreneurial activity.

The importance of entrepreneurial attitudes consists in expression of the general feeling of the population about entrepreneurs and entrepreneurship, about people who can recognize profitable business opportunities, and think that they have skills to exploit them. If the people attitude for entrepreneurship are positive, then this will generate cultural support, help, financial resources.

Entrepreneurship in Factor-Driven Economies has several characteristics approached by different authors. Economic development consists of changes in the quantity and character of economic value added (Lewis, 1954). These changes result in greater productivity and rising per capita incomes, and they often coincide with migration of labor across different economic sectors in society (Gries & Naude, 2008). Countries with low levels of economic development typically have a large agricultural sector, which provides subsistence for the majority of the population who mostly still live in the countryside. As extractive industry starts to develop, this triggers economic growth, prompting surplus population from agriculture to migrate toward extractive and emergent scale-intensive sectors, which are often located in specific regions.

Speaking about entrepreneurship in Efficiency-Driven Economies, also there are some things to discuss. As the industrial sector develops further, institutions start

to emerge to support further industrialization and the build-up of scale in the pursuit of higher productivity through economies of scale. Typically, national economic policies in scale-intensive economies shape their emerging economic and financial institutions to favor large national businesses. As increasing economic productivity contributes to financial capital formation, niches may open in industrial supply chains that service these national incumbents. This, combined with the opening up of independent supply of financial capital from the emerging banking sector, would expand opportunities for the development of small-scale and medium-sized manufacturing sectors.

The third type is entrepreneurship in Innovation-Driven Economies. As an economy matures and its wealth increases, one may expect the emphasis in industrial activity to gradually shift toward an expanding service sector that caters to the needs of an increasingly affluent population and supplies the services normally expected of a high-income society. Such a development would be typically associated with increasing research and development and knowledge intensity, as knowledge-generating institutions in the economy gain momentum. Often, small and innovative entrepreneurial firms enjoy an innovation productivity advantage over large incumbents, enabling them to operate as “agents of creative destruction”. To the extent that the economic and financial institutions created during the scale-intensive phase of the economy are able to accommodate and support opportunity-seeking entrepreneurial activity, innovative entrepreneurial firms may emerge as significant drivers of economic growth and wealth creation (Henrekson, 2005).

## **RESULTS AND DISCUSSIONS**

The countries, in fact their economies, are grouped into three phases of economic development. Phases of economic development are decided on the level of GDP per capita and the extent to which countries are factor driven in terms of the shares of exports of primary goods in total exports. Perceptions about entrepreneurship may affect the supply side and the demand side of entrepreneurship. On the supply side, or the “pool” of potential entrepreneurs, important perceptions include both willingness and perceived ability to become an entrepreneur. Education levels and the availability of entrepreneurship training programs are possible determinants of perceived skills. On the demand side, or “space for” entrepreneurship, there needs to be opportunities for entrepreneurship, but equally important is that entrepreneurs perceive that there are opportunities for starting a business. There are several assessments to be made. First, there is the assessment of opportunity costs, which involves comparing the expected returns of entrepreneurship to the expected returns of an alternative occupation. Then, there is a risk-reward assessment: even if the expected returns from entrepreneurship are considerably higher than the best alternative, the (perceived) risks involved may be too high for a person who is thinking about starting a business.

An individual’s risk-avoidance preference may be a significant factor in the transition from potential (or latent) entrepreneurship to entrepreneurial activity. At the same time, the individual may also be influenced by demographic characteristics such as age, gender, origin, or ethnicity and also by institutions. Intrinsic assessments, may ultimately lead to a proclaimed intention (and subsequent action) to start a business with opportunity-related entrepreneurship in

mind. This holds for the bulk of entrepreneurs, particularly in innovation-driven countries. It is also possible that people decide to start a business when a very specific business opportunity comes into view unexpectedly. They may act on this even though, before the business opportunity came their way, they did not see opportunities to start a business in their area. These people had not considered setting up a business until the opportunity was presented to them.

## CONCLUSIONS

Some countries have favorable perceptions of entrepreneurship combined with low rates of intentional entrepreneurship. This is the case for many innovation-driven economies in Europe. In other words, the attractiveness of becoming involved in entrepreneurship appears to be low for many Europeans compared to other possible sources of income. A variety of national characteristics could be underlying this phenomenon. It could be that there are a lot of administrative burdens attached to starting a business, reducing the attractiveness of entrepreneurship or that employment protection is high. Fear of failure is often considered an important cultural component that is detrimental to new firm activity. However, so far this asserted effect has not been fully confirmed. If fear of failure is prevalent among those who in principle see good opportunities to start a business, this may justify intervening to reduce fear of failure. For many countries with factor-driven and efficiency-driven economies, it seems that the difference between entrepreneurial perceptions and entrepreneurial intentions is relatively small, or even negative. This suggests lower opportunity costs for entrepreneurial activity and higher degrees of necessity-driven entrepreneurship. In countries with mainly efficiency-driven economies, attention should begin to be paid to attitudes. Looking at innovation-driven countries, some anomalies are apparent. These could provide governments with clues as to what they could do to encourage entrepreneurial activity.

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