

What It Means To Be an Entrepreneur?

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Considering entrepreneurship as a product of market economy in the historical aspect, it is clear that the development of the market economy is a catalyst for changes in entrepreneurship, namely: organizational forms, business functions, scales, and spheres of application. Accordingly, the terminological essence and content included in the concept of entrepreneurship changed and ordered in the development of economic theory. It is believed that one of the first to seriously study entrepreneurship was the Scottish economist A. Smith. However, ten years before him, these problems were intensively dealt with by the Irishman R. Cantillon. It was he who formulated the thesis that the discrepancy between supply and demand in the market makes it possible for individual subjects of market relations to buy goods cheaper and sell them more expensive, and called these subjects of the market entrepreneurs, and new phenomena of economic activity - entrepreneurship. The specificity of entrepreneurship is expressed in the ongoing chain of exchange transactions, but in itself, exchange becomes a source of entrepreneurship only when it ceases to be a component of a single economic turnover, and production for exchange is the determining function of commercial entities. Therefore, the term entrepreneur is better to analyze from the point of entrepreneurship, namely the activity, which characterizes every entrepreneur.

The main features of entrepreneurship - initiative, risk, the ability to combine the factors of production efficiently, and innovation - reflect the various functional aspects of carrying out entrepreneurial activities. The entrepreneurial initiative is of an economic nature and is associated with market uncertainty and economic freedom (Thompson & Bolton, 2007). In this sense, it should be viewed not as a property of human nature, but as a desire to realize the opportunities provided by the market for the exchange of opportunities for profit.

Since such an exchange is carried out to the mutual benefit of participants in this process, the entrepreneurial initiative should be associated with the extraction of benefits through the satisfaction of public needs. Therefore, the meaningful point of entrepreneurship is not the mechanical redistribution of existing advantages in their favor, but the creation of the new ones. Due to the entrepreneurial initiative, there is a violation of market balance both in the sphere of circulation and in the sphere of production. Another sign of entrepreneurship is commercial risk, which differs from simple risk in that it is associated with a focus on reversing market instability and uncertainty that arise not only because of the volatility of market conditions (changes in market conditions, prices, offers), but also as a reaction to entrepreneurial initiatives in their favor (Stokes, Wilson, & Mador, 2010). Although the entrepreneurial activity is related to the satisfaction of social needs, the entrepreneur takes risks not, for charitable reasons. The leading motive of entrepreneurial activity is the profit that can be obtained as a result of market exchange and is the result of the commercialization of innovations (Thompson & Bolton, 2007). Innovation, which became a symbol of entrepreneurship in the twentieth century, as an element is always present in it because activities in conditions of instability and uncertainty require the entrepreneur to be consistently creative and inventive. In this regard, it is especially important to emphasize that from the economic point of view, innovation is not a discovery or an invention but a practical realization of an entrepreneurial idea, more precisely, the commercialization of new technical, technological, organizational and other achievements. The inventor is not yet an innovator. One becomes such only when he or she realizes oneself as an entrepreneur, that is, a person fighting for high results of management. First, the best way to overcome market uncertainty is to change the market situation in a profitable direction, which is possible only through innovation. Secondly, the acquisition of sustainable market advantages is also possible only

through innovations. Therefore, the real reason encouraging entrepreneurs to innovate is competition between them. Innovation is one of the leading features of entrepreneurship, enabling it to interact with the environment (Stokes, Wilson, & Mador, 2010). Not intuition and the ability to anticipate market reaction, and creative activity to change the market conditions themselves becomes the determining factor of entrepreneurship.

As a form of manifestation of the creative potential of a person, innovation is undoubtedly connected with the human factor. However, as a phenomenon of economic life, it is primarily due to the nature of the entrepreneurial activity and consists in expanding market demand. Many scholars say that the critical element of entrepreneurial activity is profit maximization, but this is not entirely true. Profit is an incentive for entrepreneurial activity, and its purpose is to create a product, that is, the satisfaction of the specific needs of members of society. Profit is the measure of success, only by the size of profit can one determine how successfully the entrepreneur has worked, and accordingly, its magnitude is organically linked with the satisfaction of the needs of society. Targeted aspirations of the entrepreneur are related to ensuring the long-term sustainability of economic activity and maximizing its capabilities, and the entrepreneur's ability to meet a set of his socio-economic needs. Entrepreneurship as a particular kind of economic behavior realizes its properties (initiative, risk, combination, and innovation) in the conditions of the competitive interaction of economic entities. Therefore, the informative moment of entrepreneurial activity will manifest itself not only in gaining advantages but also in creating better business conditions for oneself (the main specific feature of entrepreneurship as a type of economic behavior). The result will be entrepreneurial gain as a reflection of the realized competitive advantages. In this regard, entrepreneurship is most correctly defined as a process that affects the material culture. Due

to innovation and through the use of new technologies, new products are being created, and unique needs are being stimulated. In some studies, entrepreneurship is described as opposition to economic activity, which is devoid of common sense. In fact, all kinds of economic activity cannot be an innovation, since innovation is a form of manifestation of accumulated results in the process of economic activity, which subsequently generates an idea. Entrepreneurship in a broad sense, in contrast to business, is much less frequent; entrepreneurs who have remained so for decades are as rare as businessmen who never in their daily lives have been at least a bit of entrepreneur. A businessperson can do business all his life and not be an entrepreneur, but the entire market economy without entrepreneurship as a socio-economic phenomenon cannot exist. In everyday life, the equivalence of these terms is allowed, because the term entrepreneurship corresponds to the term business in a broad sense. Thus, entrepreneurship is a particular kind of economic activity, the essence of which is to stimulate and meet the demand of the society for the specific needs of its members through market exchange and aimed at winning competitive advantages through the violation of market equilibrium. Change in the interpretation of the concept of entrepreneurship should be considered only in the process of historical development of the market economy, which imposes a specific emphasis on the substantive part of the term entrepreneur. Following the adopted structure of the process of reproduction (production, exchange, distribution, consumption), four primary spheres of entrepreneurship are singled out: industrial, commercial, financial and consumption. Other types of entrepreneurial activities (for example, innovative, marketing) are included in the four main spheres. The content of entrepreneurship and the boundaries of its implementation are closely related to the forms and types of entrepreneurial activity.

Entrepreneurs, according to the definition of J. Schumpeter, are economic entities whose function is the implementation of new combinations and which act as active subjects of the enterprise (Casson, 2003). At the same time, Schumpeter believes that the traditional restriction of the term entrepreneur as only "independent subject" (private individual) is incorrect (Casson, 2003). Entrepreneurs should include all those who perform this function, including employees of the organization, as well as those who implement the innovative function impulsively, incidentally: economists, financiers, lawyers, consultants, etc. As an entrepreneur, only the person who innovates (creates a new combination of factors of production) is recognized, and it ceases to be so, as soon as the "business" that he or she has established begins to function as a stable system. Entrepreneurship, according to J. Schumpeter, cannot be regarded as a profession, since in this status it is impossible to be for a long time. Very conditional is the identification of entrepreneurs as a class - this group does not have its class position, although entrepreneurs are distinguished by a particular way of life. The peculiarity of entrepreneurs as a social group is its basic scarcity. Entrepreneurs are a special type of people inclined to innovation, who are always a minority. Analyzing the nature of the entrepreneur, it can be seen that, depending on the essential features adopted, the business entity is also determined. For example, corporate entrepreneurship differs fundamentally from the classical one in that if in the era of traditional capitalism the entrepreneur (owner of capital) was a key figure in the economic field, now the shareholders, according to J. Galbraith, namely the top management and specialists who organize the enterprise play vital role (Waligorski, 2006). At the same time, power in an effectively functioning corporation is practically not owned by one person, which was characteristic of the preceding epochs. On the contrary, the needs of corporate governance require the distribution of power between a sufficiently large number of managers (Waligorski, 2006). By

their business qualities, values, corporate standards of conduct, managers are the opposite of individual entrepreneurs (Waligorski, 2006). They are aliens to individualism that are characterized by stiffness, the ability to take risks, rivalry, and lust for power. They have a desire to work in a team and value such phenomenon as cooperation (Waligorski, 2006).

Being an entrepreneur means to ensure the realization of the fundamental function of entrepreneurship. In the case when the bundle of powers for decision-making is concentrated with the owner, he or she will be the direct carrier of entrepreneurship. When such a bunch is dispersed at different levels of management, and the realization of the entrepreneurial function becomes possible only if the whole team's efforts are mobilized, then entrepreneurship becomes the collective activity. The adoption of such pattern does not mean a change in its nature or content, but merely a change in the model for the implementation of entrepreneurship. Dispersal of the entrepreneurial function in the form of distribution of the decision-making process and involvement in an entrepreneurial process of an increasing number of participants is an objective condition of modern entrepreneurship. The implementation of economic activity - an expedient human activity in economic processes aimed at obtaining net (exceeding costs) benefits - is possible in two ways: as an employee and as an entrepreneur, each of which has its characteristics. People are interested in the business as an entrepreneurial subject within the framework of the problem under consideration. The entrepreneurial ability of the business entity is not limited to the energy of entrepreneurial activity and is necessarily complemented by the education, experience, knowledge, skills, and abilities of the entrepreneur. However, without self-organization - the ability to perform consistent, logically related and purposeful actions, to realize the main entrepreneurial function - innovation - the entrepreneur cannot take place. Therefore, the function of the business entity is directly related to self-organization.

The entrepreneurial idea is the revealed possible interest of the company, which has the visible outlines of a particular economic form. Identification of this interest can be carried out by combining the entrepreneur's capabilities with the needs of the market or, conversely, by combining the market needs with the entrepreneur's capabilities. Acting as a special kind of economic activity, entrepreneurship at the initial stage is associated only with the idea - the result of thinking activity, which later takes a materialized form. Entrepreneurship is characterized by an obligatory presence of an innovation factor (Miles, Munilla, & Covin, 2004). Innovation is something that is perceived as new, innovative. Innovation is the process in which an invention or discovery is brought to the stage of practical application, which begins to produce an economic effect, a new application of scientific and technical knowledge, the introduction of a new production method or the application of a new form of business organization that ensure market success, the launch of a new product in production. Innovation is understood as a new system for managing production and quality, introducing new methods of organizing production or new technologies (Miles, Munilla, & Covin, 2004). Any entrepreneurial activity must be effective. The effectiveness of any activity is usually expressed through the attribution of the result to costs. The main principle of measuring effectiveness is the relationship between the goal and the result of the entrepreneurial activity. Since the result of the entrepreneurial activity is always connected with its purpose, the attributes of which are the stimulation and satisfaction of the society's demand for a specific product (goods, works, and services), the objects of entrepreneurial activity are manufactured products, work performed or services rendered. That is what can satisfy someone's need and what is offered in the market for acquisition, use, and consumption. It is worth mentioning that being an entrepreneur is a risky activity. The risk is a constant companion of an entrepreneur not because an entrepreneur is prone to risk. It is important to highlight that the

entrepreneur is focused on reversing market instability and uncertainty in his favor in the form of a certain reward. The latter is the decisive factor that forces the entrepreneur to take risks. Therefore, the magnitude of the risk assumed by him directly depends on the probability to increase the profit. Entrepreneurial risk also differs in that it is based on a sober calculation and taking into account possible negative consequences. The pursuit of success here is always balanced by economic responsibility, the degree of which largely determines the level of risk acceptable to the entrepreneur - loss of income, loss of property. In modern domestic economic practice, such concepts as risk, instability, uncertainty, risk analysis, risk management, appeared recently and were applied to a greater extent in the application to the financial market. The entrepreneurial environment potentially carries instability and uncertainty about future events and, accordingly, the risk. The cause of this potential is instability. Typically, instability involves moving to an unknown state that affects the stability of a system, in this case, entrepreneurial. The scale of fluctuations of instability is quite large: from changes, the result of which can be foreseen, to changes that are completely unpredictable. Conditions of instability are factors that destabilize entrepreneurial activity. Causes of instability are unusual behavior or change of individual elements of the business environment. Uncertainty can be defined as an incompleteness or inaccuracy of information on the conditions for the implementation of entrepreneurial activities, including related costs and results. Uncertainty implies the presence of instability, in which the results of actions are not determined, and the degree of possible influence of these factors on the results is unknown. The risk is a potential, numerically measurable possibility of adverse situations and associated consequences in the form of losses, damages, which can lead up to the bankruptcy and liquidation of the business unit due to instability and uncertainty. Thus, entrepreneurial activity takes place in conditions of instability, uncertainty, risks, and these categories are

interrelated. In quantitative terms, instability and uncertainty imply the possibility of deviating the result from the expected (or average) value both in the smaller and in the larger side. Accordingly, the risk in this context is understood as the probability of losing part of its resources, shortfalls in income or the emergence of additional costs, and (or) the opposite - the impossibility of obtaining a significant benefit (income) as a result of the implementation of certain targeted activities. Therefore, these three categories that affect entrepreneurial activity and the realization of an entrepreneurial idea must be analyzed and evaluated jointly.

The goals of entrepreneurs depend on the external environment, and vice versa, the choice of the external environment by the entrepreneur takes place depending on the purposes. The objectives of any business unit (because it carries socio-economic processes) are significantly related to people's needs and their satisfaction. Any economic entity, from an individual entrepreneur, small enterprise to the economy of the country, functions, operates in the name of human needs. As it is known, the need is the use of a certain amount of goods and services that provide life activity and bring people the satisfaction of their desires. Ultimately, it is the satisfaction of the quantitatively and qualitatively changing needs of people that constitute the main goal of the economy, and consequently, of entrepreneurial activity. The objectives of the business unit (except corporate structures) have a limited time horizon. For example, for an entrepreneur who realizes the idea of producing innovative products, the purpose of which is to raise the entrepreneurial organization to the level necessary for its profitable sale (to realize another entrepreneurial notion), the time horizon is limited to the moment of sale or merger.

All in all, an entrepreneur is the one who is capable of creating an entrepreneurial scheme for allocating resources most efficiently. Such a person creates a unique combination

of resources that play an important role at the right time and place, and which contributes significantly to the process of profit creation. But in spite of the fact that the element of knowledge is firmly tied to the possibility of obtaining net profit, the elusive concept of entrepreneurship does not merely lie in possessing greater knowledge about market opportunities. The aspect of knowledge, which is critical for entrepreneurship, is not so much a substantive knowledge of the market, as much vigilance, "knowledge" about where to look for market information. If it is considered that the subjects already have accurate market information, then the possibility of taking an entrepreneurial decision in the future is excluded.

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