

ENTREPRENEURSHIP - BETWEEN ATTITUDE AND SUCCESS CONCEPTUAL AND STATISTICAL INTERPRETATION

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ABSTRACT: *In Romania the term entrepreneurship became popular after 1990 when private capital companies were brought under regulation. In this context, the terms used in this paper come to supplement or to emphasize the elements necessary to assess the entrepreneurial phenomenon. Thus, in the first part of the paper we have presented besides an evolution of the term “entrepreneur”, a classification according to classical theories, such as the one belonging to Adam Smith, as well as current classifications regarding changes in the business environment, namely the exponential growth of businesses in online field due to the Internet. At the end of the paper we have presented a statistical analysis of the entrepreneurial phenomenon in Romania and on European or international level, according to several criteria, such as attitude towards entrepreneurship and the development of a business, age groups and the attitude towards entrepreneurship, the reasons that influence the development of a business, etc.*

KEY WORDS: *entrepreneur, business, attitude towards entrepreneurship, employee, entrepreneurial phenomenon.*

JEL CLASSIFICATIONS: *D21, L26.*

1. HISTORICAL LANDMARKS

From historical point of view, an early form of entrepreneurship has been developed in conjunction with human evolution, so that even though at first it regarded the problems of subsistence, later on it was proved that entrepreneurial qualities are related to some professional categories, either from agriculture or from the field of processing resources, or even from the field of constructions.

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Initially, entrepreneurship began to be recognized during the French monarch Louis XIV who used to assert that "the bourgeoisie and the craftsmen will become the artisans of wealth". The term *entrepreneur* comes from the economic evolution of France during the 17th and 18th centuries, and its first definition refers to an individual who develops a project or a significant activity. Studying the relationship between labour and capital, one can observe a significant change toward the end of the European Middle Ages, the year 1775 being a historic moment for the modern enterprise, when, on European territory, James Watt concludes a partnership with Matthew Boulton for the operation of the steam engine and on North American territory the American Revolution bursts out and the first American joint-stock company is hereby established.

By the early 19th century, the French economist Jean-Baptiste Say states that the term entrepreneur is associated with organizing and operating a business. At the beginning of the next century, the Economist most often associated with entrepreneurial concepts is Joseph Schumpeter. He described entrepreneurs as innovators who lead the "creative-destructive" process of capitalism and believed that "the role of the entrepreneur is to reform or revolutionize the production model."

Many of the specialists remain loyal to Say-Schumpeter ideas; however, they offer variations on this theme. Thus, Peter Drucker who supports the definition of entrepreneur given by Say, amplifies its meaning in order to direct toward opportunity. He believes entrepreneurs should make the most of the opportunities provided by change (in technology, consumer preferences, social norms, etc.) stating that: "This defines the entrepreneur and entrepreneurship – the entrepreneur always searches for change, responds to it and exploits it as an opportunity."

Historical landmarks of the 20th century entrepreneurship are manifold and outline outstanding entrepreneurs who are generally successful inventors that have had a significant impact on the development of the company: Henry Ford, Thomas Edison or Bill Gates represent three examples for the inventor-entrepreneur correlation.

Howard Stevenson, an important theoretician of entrepreneurship at Harvard Business School, has added the element of multitude of resources to the opportunity-oriented definition based on a research conducted in order to determine what differentiates entrepreneurial management from other common forms of "administrative" management. He also shows the importance of entrepreneurs from small businesses and demonstrates "Why is it so easy for small businesses to compete with giant corporations? While giant corporations are studying the consequences, entrepreneurs have changed the world" (Stevenson, 2011).

2. CLASSIFICATION OF ENTREPRENEURS

At present, every citizen has the right to start a business on their own, to work in partnerships, to set up a company, an association, an organization, a collective interest firm as a businessman or entrepreneur.

The factors that influence the development of entrepreneurship, its forms of manifestation, the objectives pursued during the entrepreneurial approach make it

necessary to identify the types of entrepreneurs both from an economic and social perspective (Neculăesei, et al., 2012).

In classical literature there are several classification criteria regarding, on the one hand, the behaviour of entrepreneurs – leading entrepreneurs whose main objective is the safety, of innovative entrepreneurs who aim at monetizing some service ideas or products, of controlling entrepreneurs who target winning and keeping power - or, on the other hand, the management of the firm. A. Smith demonstrates that from this perspective there are the two types of entrepreneurs, *the artisan entrepreneur* - who starts up a business based on the technical skills he possesses, but has no innovative ideas and experience in managing and running an enterprise and *the speculative opportunist entrepreneur* - who has a greater experience in the management of an enterprise and is willing to implement innovative ideas.

Professor Sebastian Vaduva from Oradea makes an interesting classification based on the method of becoming an entrepreneur, thus outlining three distinct types of entrepreneurs, such as:

- *The builder* who starts and develops a business on his own initiative, creating a new product or service on the market without taking up a franchise;
- *The successor* – at present, this type is increasingly common because it's been nearly 25 years since Romanians have the right to have their own business. Such investors are ready to take over a family business but at the same time they can be assimilated by the category of *builders* according to the level of development of the business and their creativity;
- *Managers* - who buy a business or a franchise and develop it using methods that have already been implemented or they will improve the existing ones.

Perhaps Vaduva's classification can be associated with that of Schuman (1982) who, from approximately the same perspective outlines 10 types of entrepreneurs, as follows: the independent entrepreneur who starts the business from scratch; the purchaser; the successor of a family business; the successor of a business outside his family; the franchiser; the franchisee; the entrepreneur of a corporation; non-profit entrepreneur; the individual who works for himself; others.

A more modern approach of the typology of entrepreneurs may be related to his attitude towards managing skills and his decisional ability based on opportunities. Thus, we can determine the following types of entrepreneurs:

1. **The hard worker.** This type of entrepreneur is characterized by addiction to work and he will work intensively to develop his business; he is the disciple of good work and he is personally involved in the labor process. His principles take into account the fact that for the success of any business much effort is needed and the profit is directly proportional. Naturally, every business implies a lot of work, overtime and employees are expected to follow his example;
2. **The Idealist.** As the name tells, the idealist not only is full of ideas, but also of innovative ideas. This type of entrepreneurs enjoys working on something new and creative, whether it is created by him and his team, or it is a purchased trademark. Under the conditions of an intense market competition, creativity is not only a

source of obtaining competitive advantage, but also a condition for the operation of the business.

3. **The Juggler.** These entrepreneurs are associated with risky investments, therefore it is common for them to work under pressure, they will take on many tasks, and they like to juggle deadlines, payment terms so as to handle each adequately. In general, they are similar to the hard working type because they are full of energy and they do not seem to need a break, but, in reality, they can make a significant delimitation between the tendency to work continuously and the situations that require an urgent decision.
4. **The Sustainers.** Considering his attitude towards risk and decision making if the decisional situation has a high degree of certainty, this type of entrepreneur is the most balanced one. Even if we analyze the job/family relation of the sustainers, we may find that he likes the thought of balancing work and personal life. They prefer a sustainable growth, they do not wish to reach a great success too soon because it will cut into their personal life. They prefer a comfortable market segment and do not have risky goals, such as to be "the greatest", "the best" on the market.

The context created after 1990 has enabled the development of different types of companies varying in size; due to this fact, most often, entrepreneurs are classified depending on the size of the company they run or hold. This holds true for the cases when most of the times, Governments tend to amplify the importance and the contribution of big companies to supporting economies and to diminish the role of small and medium-sized firms which assimilate a large number of employees and have a significant contribution to the increase of the GDP.

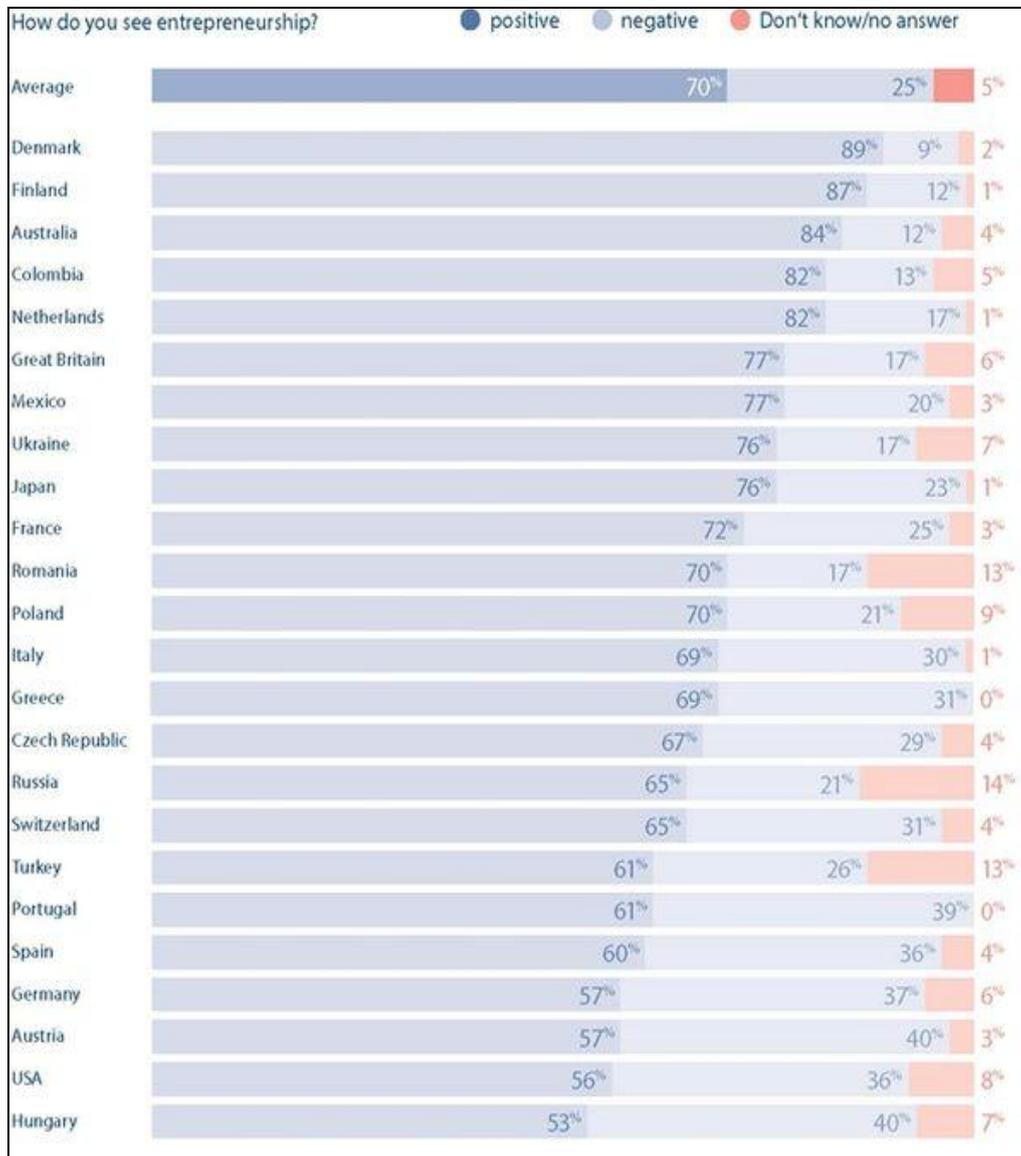
Obviously, this classification of entrepreneurs is far from being complete. The set of factors that can influence it is continuously changing while technological development and entrepreneurial culture will become a permanent hallmark.

Consequently, one may often find in the specialized literature a new category of entrepreneurs, such as the entrepreneurs belonging to the Internet Generation, originating from a remarkably smart community which has developed groundbreaking methods of thinking, interacting, working and socializing (Tapscott, 2011). Most of these entrepreneurs have reached ages of up to 30, they are more intelligent, think faster and they are more tolerant with the economic and social environment than their predecessors. An amazing feature is that they focus on strategic objectives so that they replace the need to control, specific to entrepreneurs from the industrial field with a culture of performance", they are conscientious about drawing up business plans, putting them into practice and developing them in order to turn out profit.

3. ATTITUDE TOWARDS ENTREPRENEURSHIP AROUND THE WORLD

According to Amway Global Entrepreneurship Report, 70% of the individuals that were interviewed have a positive attitude towards entrepreneurship and only 17% showed a negative opinion. If we compare the first country from the rankings, which is Denmark, where a positive attitude towards entrepreneurship can be found in the case of 89% of the respondents or Hungary where the percentage value reaches 53, one can find that Romania is within the international average value of 70% or within the EU

average value of 69%. Among the top ranked countries we can also find Finland with 87%, followed by Australia with 84% or United Kingdom on a par with Mexico with 77%.



Source: <http://news.amway.ro/amway-prezinta-rezultatele-studiului-global-privind-antreprenoriatul-in-2013-2/>

Figure 1. Report on the attitude towards entrepreneurship

What represents a positive situation for Romania is the fact that the negative attitude towards developing a business is under the European average. Thus, if the

European average represents 25% of the total of respondents, in Romania for example, this percentage value is 17 as compared to Hungary where this percentage value is over 50. Furthermore, a negative attitude towards entrepreneurship can also be found in countries like Austria 40%, Portugal 39% or Germany 37%.

As regards the structure by age, surveys show that 79% of the Romanian youngsters under the age of 30 have a positive attitude towards starting a business. This is found particularly in the case of young Romanians with a university degree (74%), who attended secondary education (63%), as well as in the case of people with children (71%). The segment between the ages of 35 and 49 has an average entrepreneurial potential (37%), while Romanian respondents older than 50 are interested in starting up a business at a very small extent, below 4% (www.amwayentrepreneurshipreport.tum.de).

Considering the attitude of women, and that of men, respectively towards entrepreneurship, studies show that 68% of the Romanian men are in favour of starting up a business, as compared to the number of women which represents 63%.

Globally, the respondents have different reasons to start a business. Hence, if in the case of the 24 countries included in the study, the first two reasons to become an entrepreneur are: not to depend on an employer and the opportunity to be your own boss (46%), as well as the opportunity to put into practice your own ideas (43%), in Romania, the main reason for becoming an entrepreneur is the earning potential (for 55% of the respondents), the second reason is the independence from an employer (30%) while the third reason is self-accomplishment and the prospect of a second income.

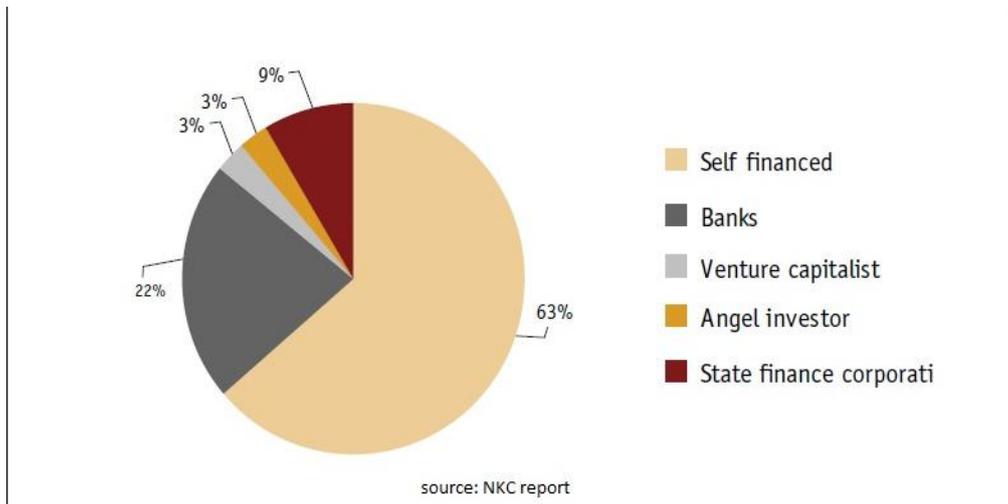
4. FINANCING ENTREPRENEURSHIP

A classification of entrepreneurs is possible even if we take into consideration the financing sources; therefore, entrepreneurs with a reserved attitude towards risk taking are considered to have their own sources of funding, namely the family savings while the sources of funding in the case of entrepreneurs who are willing to take risks originate mostly from loans. This trend is common in the later stages of business development when entrepreneurs who take risks apply for bank loans, different forms of leasing or even secured loans, unlike other entrepreneurs who prefer safer sources of funding which involve positive cash flow for a longer period of time, loans from shareholders/associates, accessing European funds for financing etc.

As one can observe in Figure 2, according to a study conducted by NKC, over 63% of the respondents who wish to develop a start-up are self-financed and only 22% of them turn to banking sources. It is revealed that 3% of the funding sources come from business angels, a form of collaboration which becomes more and more common in particular for the development of SMEs.

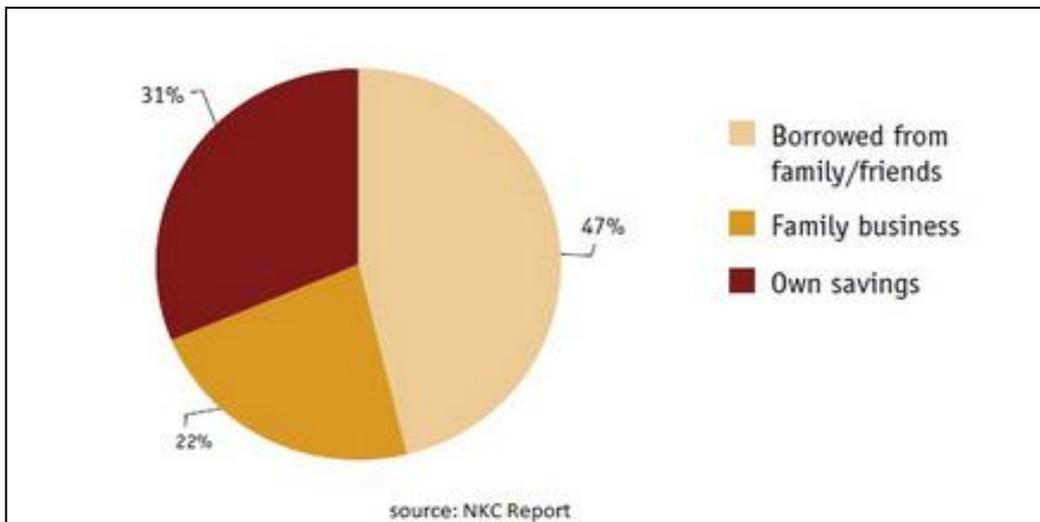
As one can discover in the previous figure, the most common self-financing sources are family and friends and personal savings, respectively 74% and the rest comes from family businesses, which shows that there is a young generation of entrepreneurs willing to take over the family business in order to continue or develop it into a different kind of business with the sources of the original company.

This could be a reflection of greater confidence among new entrepreneurs in their own abilities as well as the crucial significance of the socio-cultural support systems of family and friends.



Source: <http://techaloo.com/statistics-about-funding-in-the-startups/>

Figure 2. Sources of Funding for Start-ups



Source: <http://techaloo.com/statistics-about-funding-in-the-startups/>

Figure 3. Forms of self-financing of start-ups

5. CONCLUSIONS

In conclusion, entrepreneurship development is dependent on the growing interest for the business environment which has become more obvious in the recent decades and which originates from the tendency of many people to get control of their destiny or to stop depending on the decisions of other people who run the companies they work in as employees. This holds true on condition the spirit of entrepreneurship is the most important part of the economic development and the businesses of small entrepreneurs have led to the emergence of new products and services and have created a significant number of jobs.

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