

ENTREPRENEURSHIP BETWEEN NECESSITY, OPPORTUNITY AND RISK

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Abstract

Entrepreneurship involves the creation of a new thing, a process which includes a series of behaviors and activities designed to create organizations, the creation of a new economic activity, involving includes many sizes, unique features, like taking risks, recognition of opportunities, motivation and innovation. Entrepreneurship involves a dynamic interaction of entrepreneurial attitude, entrepreneurial activity and entrepreneurial aspiration which varies in the different stages of economic development. In this work are included both variables of the individual entrepreneurs, as well as institutional and environmental variables, reflected in the quality of entrepreneurial activity, in the aspirations and abilities of the entrepreneurs. Focusing on the various national, social, cultural, political and economic conditions that form an entrepreneurial profile for a type of economy, we also present how entrepreneurs influence their societies. In addition, an economy can have its own priorities, whether it stimulates innovation, reduces unemployment, increases trade or diversify their industries, the paper reveals both the shortcomings and the areas that need to be improved.

Keywords: risks, context of entrepreneurial phenomena, entrepreneurial activity

JEL Classification: F6, L26

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1. Entrepreneurship and its economic function

Entrepreneurship is seen as a positive economic activity because it brings innovations in business and on the market, it is a way for the development of the companies and to create a new world.

Many researchers have focused on the economic function served by entrepreneurs, focusing on the risks and challenges associated with the combination of various factors of production, to obtain the best results that will be sold on the markets in continuous change. In this context, entrepreneurship is discovery, adoption, evaluation and exploit the opportunities ... to create goods and services in the future" (Shane, Venkataraman, 2000).

At the same time, the opportunities associated with entrepreneurship may require the development of new markets, new products, new methods of production and management, the discovery of new materials, the creation and design of new enterprises and organizational forms. The mechanisms of change and innovation are an integral part of the economic function of entrepreneurship.

The quantification of the economic function of entrepreneurship is made difficult by its polymorphic character, but there are various theoretical models for the analysis of entrepreneurship. In the understanding of entrepreneurial action the individualistic approach suggests that the entrepreneur transforms the economic environment due to his decisions.

The entrepreneur is inherently placed in a competitive, even conflicting environment. Entrepreneurial ability is measured by the entrepreneur's ability to take risks related to this uncertainty. He takes risks when he innovates, because he does not know in advance whether

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the consumer will accept his innovations. He is in a constant state of alertness to detect the often unexpressed needs of the consumer.

Thus entrepreneurship embodies three interdependent elements of the capitalist economy: uncertainty, risk and innovation. Entrepreneurs are agents of change through their ability to take risks, having a real function: they support the movement of the economy in its growth dynamics or on the contrary, of crisis.

2. Contextualizing the entrepreneurial action

Being entrepreneur is not just about taking risks and the conditions of competition in a particular market. The entrepreneur is a social agent formed in a society that has inspired (or not) a taste for risk. Entrepreneurial action can have many implications at macro and micro-economic level, that's why entrepreneurial behavior can be understood only in its economic and social environment. In this case, social variables are involved, at the macro level but also in relation to the individual himself, economic variables related to the nature of the market, technical variables and political variables, for the purposes of economic policy.

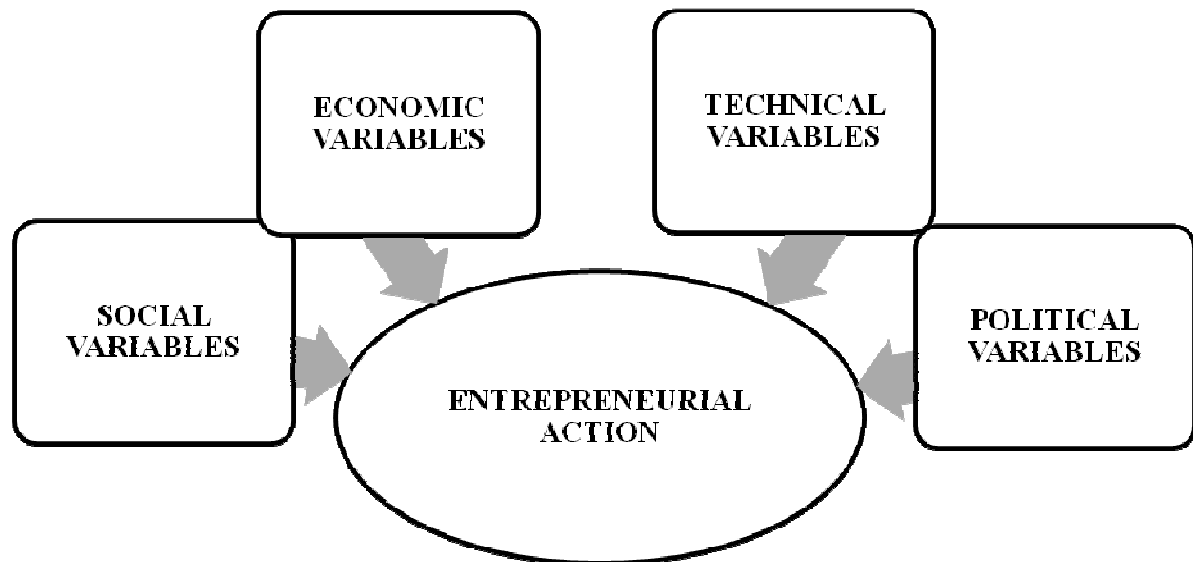


Figure no. 1 The variables of the entrepreneurial environment

Source: Author's processing, after Dimitri Uzunidis, Sophie Boutillier, *The Entrepreneur*, Wiley, 2016

Thus, entrepreneurial action is influenced by major factors related to the economic environment (eg income, tax level, capital resources, economic growth, etc.), the political environment (liberalism, the right to property, decentralization of power, etc.) and the socio-cultural environment. (recognition of the role of the entrepreneur, the presence of entrepreneurial models in society, cultural values, etc.).

At the same time, in order to establish a market, the entrepreneur should have a large amount of technological, commercial and competitive knowledge, but the entrepreneur's knowledge is limited. Therefore, the entrepreneur learns through the market, from his mistakes and successes, makes decisions and builds an alternative strategy (if necessary) that allows him to take advantage of opportunities.

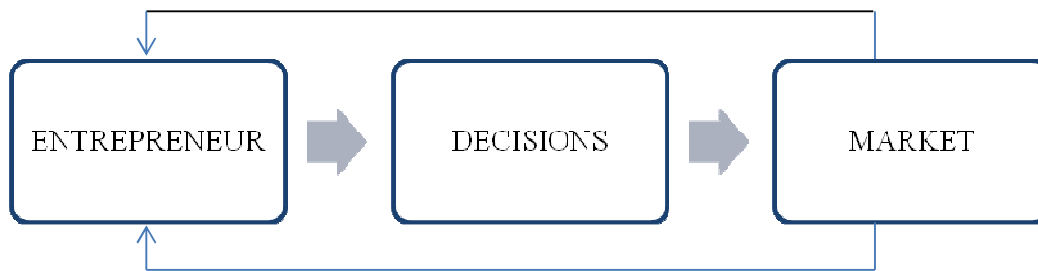


Figure no. 2 The approach of entrepreneurship in individualistic theory

Source: Author's processing, after Dimitri Uzunidis, Sophie Boutillier, *The Entrepreneur*, Wiley, 2016.

In other words, the entrepreneur is an economic agent whose ultimate objective is to create a business through a well-defined project. In order to carry out his project, he takes decisions, mobilizes a series of resources, from which he produces other resources (jobs, innovation), interacting with his environment. Thus, the entrepreneur must be rational in order to maximize his resources and achieve his goals. At the same time, he is an opportunist, because he tries to take advantage of all the opportunities that are offered to him, the context (economic, social, political, cultural) in which the entrepreneur is integrated, being decisive as an opportunity base.

How the entrepreneur makes the decisions determines several perspectives. The **rational approach** involves taking into account factors such as the tendency to take risks, the information and the options available. The **intuitive approach** is a distinguishing feature of many successful entrepreneurs. Improvisation comes because of the unstructured nature of opportunities, entrepreneurs have to deal with problems as they arise and create solutions. In such situations, they cannot use detailed and elaborate plans. Given that uncertainty plays an important role in innovation, individuals and organizations are often required to rely on creativity to cope with the existence of uncertainty.

The social, cultural, political and economic context is regarded as directly influencing entrepreneurship, as well as indirectly through the values of the society and the individual attributes. These influences can be positive or negative. In turn, entrepreneurship creates jobs and a new value that then contributes to socio-economic development.

The social, cultural, political and economic context is represented by the national framework conditions, such as finance, government policies, governmental entrepreneurship programs, entrepreneurship education, research and development capacity, commercial infrastructure, physical infrastructure, internal market dynamics, entry regulations and cultural and social norms (GEM, 2018).

Social beliefs about entrepreneurship and the social status of the entrepreneur, the positive or negative way of presenting the entrepreneurial domain in the media, are included in the social values.

Demographic characteristics and self-perceptions (perceived capabilities, perceived opportunities, fear of failure) and reasons for starting a business (ie, necessity versus opportunity) are the individual attributes of the entrepreneur (GEM, 2018).

In figure no. 3. is presented the entrepreneurial activity in this contextual environment

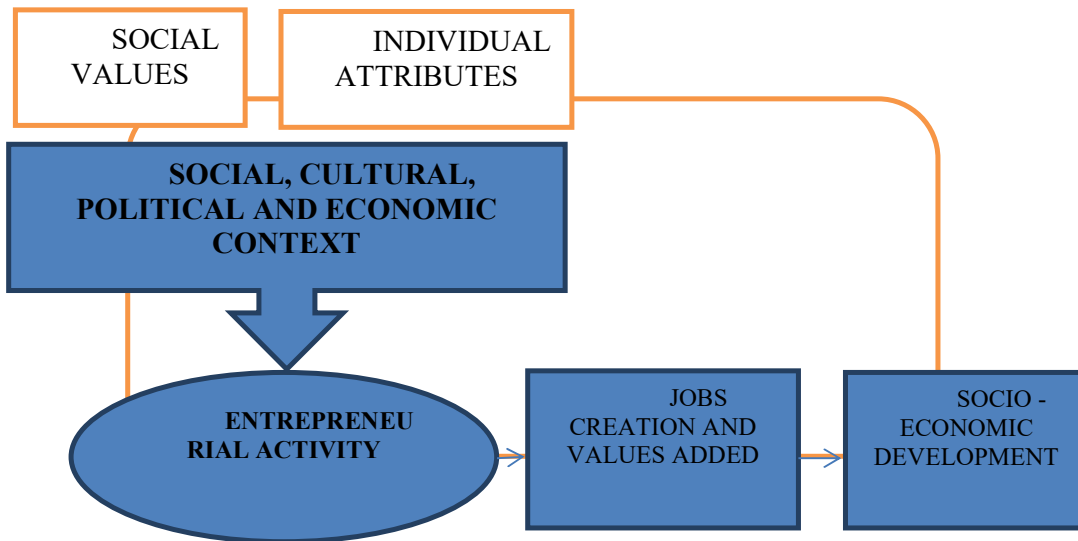


Figure no. 3 The entrepreneurial activity in the social, cultural, political and economic context

Source: Author's processing, after Niels Bosma, Donna Kelley, 2018/2019 Global Report, Global Entrepreneurship Monitor, 2018.

3. Factors of influence in the entrepreneurial activity

More global events and the evolution of the world economy over the last two decades have also affected entrepreneurial behavior. Since the beginning of the new millennium, very serious terrorist attacks, deep financial crises, global economic downturn and a refugee crisis have taken place. As a result, tensions and uncertainty over international trade agreements have increased over the last few years. At the same time, polarization has increased due to increasingly advanced digital technologies that have allowed for new forms of entrepreneurship and networks, due to public debates about potential threats, confidentiality issues and fake news.

The discovery of the factors that encourage or impede the entrepreneurial activity, especially in relation to the values of the company, the individual attributes and the conditions of the entrepreneurial framework, facilitates the understanding and analysis of the local, regional, national economic environment.

The factors of influence of the entrepreneurial action must be analyzed in a multidisciplinary approach, bringing together academic fields such as: economics, psychology, sociology, anthropology (Shane, et.all. 2003) as they cannot be reduced to mere economic criteria.

By combining the contributions of sociological, economic, psychological and anthropological analysis, we can sketch the perimeters of the entrepreneur's personality - in other words, the specificity of his character - to better understand his disposition, his reasons, his behavior and his contribution to the economic dynamics.

Table no. 1. The factors of influence in the entrepreneurial activity

The field of analysis	Factors of influence	Results
Economy	Economic factors	They increase or reduce the entrepreneurial behavior.
Psychology	The personal characteristics of people trying to engage in entrepreneurial activities, personality traits, the need to achieve and the locus of control, the ability to take risks, innovation and tolerance for ambiguity.	Tendency to take advantage of opportunities, high level of creativity and innovation, managerial skills and business knowledge, optimism, emotional endurance and mental energy, intense work spirit, commitment and perseverance, desire to excel and to win, the tendency to to be dissatisfied with the status quo and the desire for improvement, the power to use failure as a catalyst
Sociology	The social context of entrepreneurship	Building social relationships and relationships that foster trust, analysis of life situations and characteristics of people who have decided to become entrepreneurs.
Anthropology	The social and cultural context as a determinant of successful entrepreneurship.	Cultural attitudes towards entrepreneurship and the integration of cultural values and norms in the processes used to launch new initiatives.

Sursa: Autor processing

Skills and knowledge play a crucial role in discovering opportunities. But even more important is that when the opportunity has been identified, it must be exploited. Individual attributes play the most important role in the entrepreneur's decision to exploit an opportunity. Non-psychological and psychological factors contribute here (Shane, 2003):

- non-psychological factors: education, experience, age, social position, opportunity cost;
- psychological factors: motivation, evaluation and knowledge.

The basic characteristics of the entrepreneur's personality directly contribute to how they can anticipate and judge what opportunities they have to choose.

Situational factors that occur in motivating individuals to engage in entrepreneurial activities include the frustration of the entrepreneur with his current lifestyle, influences of childhood, family environment, age, education, work history, role models and support networks. In many cases, entrepreneurs can be pushed into entrepreneurship, often against their will, by unexpected and unwanted life cycle developments, such as job loss, extreme dissatisfaction with a current job, and other obstacles in the workplace career. Unfortunately, these entrepreneurs are often viewed in a somewhat negative way as misfits. On the other hand, entrepreneurs can be attracted to starting a new business, looking for opportunities to exploit.

There is also an entrepreneurship, called by improvement, whereby people pursue an opportunity and do so to improve their income or independence in their work, as opposed to need entrepreneurship.

Instead, need-based entrepreneurs choose entrepreneurship only because other options are not available or are considered unsatisfactory. The term reluctant entrepreneur is sometimes used to describe these people pushed to set up their own business because they have lost their jobs and have no other means of survival (Smallbone, Welter, 2006).

Between countries there are differences regarding the incidence of entrepreneurial activity, attributed to the differences of "risk tolerance", because there are significant differences regarding the level of risk and the possibility of failure, which people are willing to assume before starting a new business. Within countries, the incidence of entrepreneurial activity can be influenced by age, education, economy and location. On the other hand, necessity-based entrepreneurship tends to decrease as the level of economic development of a country increases and stabilizes the general business environment. It should also be noted that necessity-based entrepreneurs, creating jobs for themselves, do not contribute to economic growth, and the so-called entrepreneurial need is not considered an active factor in national growth and development.

Entrepreneurship is a process that extends over several stages, thus allowing opportunities for assessing the entrepreneurial status in a particular company, in different phases. The entrepreneur exists only when he creates his business being socially integrated as any economic agent. Here comes the problem of the social function of the entrepreneur that applies to a series of heterogeneous realities, sociologists proving that not all entrepreneurs share the objective of creating a business starting from innovative ideas.

Moreover, the entrepreneur acts in a competitive environment, his choices being influenced by those of other people. Not all have the same information, they do not have the same vision about risk, hence the degree of uncertainty they perceive, the social environment offering both limitations and opportunities.

4. Necessity or opportunity in the entrepreneurial activity

Many international organizations are trying to understand the phenomenon of entrepreneurship in its complexity, first of all to establish public policy measures that respond to the needs of aspiring entrepreneurs, regardless of their reasons.

Quantifying entrepreneurship also means a better understanding of its impact on the economic environment, first of all in terms of creating productive activities and jobs (Uzunidis, Boutillier, 2016).

The Global Entrepreneurship Monitor (GEM) studies entrepreneurship at a global level, both quantitatively and qualitatively. GEM has established a series of indicators to quantify the dynamics of entrepreneurial activity in an economy and its impact on job creation and wealth. Monitoring indicators of globally entrepreneurship analyze:

- **entrepreneurial attitudes and perceptions** - reveals the company's views on entrepreneurship: perceived opportunities, perceived aptitudes, fear of failure, entrepreneurial intentions, entrepreneurship as a good career choice, high status of successful entrepreneurs, media attention on entrepreneurship;

- **entrepreneurial activity** - their forms are very different depending on the economies and the persons concerned: number of emerging entrepreneurs, number of young entrepreneurs, rate of entrepreneurial activity, number of established entrepreneurs, cessation of activity, entrepreneurial activity by necessity, relative prevalence, activity entrepreneurship by opportunity, relative prevalence, national activity in the field of social entrepreneurship, entrepreneurial ambitions, rate of entrepreneurial activities in force with considerable growth potential;

- **entrepreneurial ambitions** - which represents the qualitative aspect of the entrepreneurial activity.

According to GEM, there is a misconception that entrepreneurs in emerging or developing countries are largely need-oriented and start up businesses with low potential. Opportunity drives most entrepreneurs in the global economy and many entrepreneurs strive to improve their lives through better income or more independence in their work. It is also highlighted the impact that entrepreneurs have worldwide by introducing innovations in their

companies, creating jobs, competing globally and contributing to the emergence and growth of industries (Bosma, Kelley, 2018).

Entrepreneurs in low-income economies are indeed more motivated by necessity than in wealthier economies. Of the low-income economies, 35% of entrepreneurs say they started their business because they had no better choice for work (Bosma, Kelley, 2018). The level of the reasons for necessity decreases as the level of economic development increases. Among low-income economies, on average 35% of entrepreneurs identify reasons for need, and this is reduced to 28% for middle-income economies, then 18% among high-income economies. Despite these smaller environments, there are still economies of great need in both groups (Bosma, Kelley, 2018).

Entrepreneurs can close their businesses for a number of reasons. They may not be able to achieve or maintain profitability or they may run out of capital. Conditions in their environment, such as excessive bureaucracy, can hinder long-term sustainability. On the other hand, business outflows are not always due to negative reasons, a business can be sold, the owner can retire, or he can start something else.

Over the years, academic research has emphasized that the various national characteristics have an impact on the rates of entrepreneurial activity. He also pointed out that not all entrepreneurial efforts have the same impact on economic development. This may depend on many issues, such as whether entrepreneurship seems widely accessible, or only available to a few. The environmental conditions, the requirements associated with starting a business, the level of competition, the size and the receptivity of the market, can influence a person's beliefs about the prospects of this career alternative. Beliefs may also depend on the availability of other career options, if good jobs are available in a company, entrepreneurship may seem less attractive, especially if the potential for rewards is low or unpredictable.

Hence the importance of reducing the barriers around entrepreneurship and even facilitating these efforts, in order to increase the tendency to consider it a career. The low rates of entrepreneurship can be the result of few opportunities or the few people who recognize them. It should be mentioned that people may have a different picture of what a business involves and from one economy to another. In some economies with low opportunity perceptions, there is a large share of people who believe they have entrepreneurial capabilities. This imbalance could explain the low rates of early-stage entrepreneurial activity, it shows the fear of failure among those who see good opportunities to start a business. Among those who say there are good opportunities for entrepreneurship, more than half are prevented from starting a business due to fear of failure.

As the GEM reports show, each economy has its own specific entrepreneurial profile in terms of activity rates, at different stages of the entrepreneurship process, the characteristics of entrepreneurs and their businesses, as well as the attitudes and perceptions that people hold towards this activity. . Also, the environment in which it operates has its own profile, containing the strengths that entrepreneurs can use and the constraints they have to overcome to start their business. The connection between the starting rates and these conditions is not obvious. In some cases, entrepreneurship thrives in economies with seemingly weak support. Entrepreneurs can find ways, rely on their social networks, operate in the informal sector or give up on corrupt practices. And some large organizations may have a disproportionate influence and access to key resources, which allows them to thrive in these unfavorable environments, often to the exclusion of other small businesses.

Constraints from an inefficient business environment can actually lead to entrepreneurial opportunities.

Therefore, it is important to understand how the environment influences the quality of entrepreneurship. Ideally, in a society, entrepreneurs should include growth-oriented, innovative, globally competitive people operating in advanced sectors.

Conclusions

Entrepreneurship is built in us as people. We are made to take risks even if it affects our world, we use our creativity to make things work. There are many ordinary people who have never thought of themselves as entrepreneurs but have entrepreneurial characteristics.

Once found the motivation to become an entrepreneur, the challenge is to discover the method. For entrepreneurs who want to change the world there are levers for change. Anyone can become a change agent worldwide, given how many things to do. We must be strong and self-determining, able to respond to the call to a healthier society. Each of us can change something for families, communities, nations and Earth. Even the smallest business has the opportunity to contribute to this important work.

This is why entrepreneurship matters, because human will is a powerful and necessary social force if we are to successfully make major changes on a global scale.

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