

## The Entrepreneur, Key-Figure of the Entrepreneurial Phenomenon

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**Abstract:** *The entrepreneur is one of the main pawns of a competitive market economy, as he creates and develops organizations, thereby contributing decisively to the strengthening of the small and medium enterprises sector in contemporary economies. In this context, the paper addresses important issues regarding the economic dimension of the entrepreneurial phenomenon, showing that entrepreneurship also manifests itself in other spheres of human activity such as education, social interaction, culture, politics, etc. The paper summarizes the main coordinates that define the conceptual framework of the entrepreneur and, at the same time, it exposes and analyzes some of the most important qualities that an entrepreneur should have in order to cope with the current business environment successfully.*

**Keywords:** entrepreneur, SMEs, entrepreneurial phenomenon, entrepreneurial environment.

**JEL Classification:** L26, M10, M21, O10.

## 1. Introduction

The sustainable development of contemporary economies requires the existence of powerful sectors of small and medium enterprises.

Promoting entrepreneurship brings important economic and social benefits, as it is considered the engine for job creation and increase of competitiveness, while contributing to personal development and the achievement of important social objectives [5].

Larry C. Farrell, internationally recognized as an authority in the field of implementing entrepreneurship practices, believes that entrepreneurship is the most certain way to thrive in an uncertain, constantly changing world. The reduction in the number of jobs is one of the worst consequences of economic crises, and often people who had never planned to become entrepreneurs choose this solution to overcome the crisis [3].

Supporting entrepreneurship and the strengthening of the small and medium enterprises sector is on the agenda of priorities of governments in the main economic areas of the world.

Economic strategies and policies in the European Union, USA and Japan lay major emphasis on encouraging entrepreneurship and the development of the small and medium enterprises sector as a balancing factor at micro- and macroeconomic level [8].

The paper aims to address issues relevant with regard to the economic dimension of entrepreneurial activities, defining the conceptual frame of the entrepreneur and highlighting the essential qualities of a successful entrepreneur.

## 2. Considerations on the entrepreneurial phenomenon

The entrepreneurial phenomenon brings together processes and activities within which business opportunities in a certain context are detected and exploited, creating and developing organizations that are usually small and medium enterprises.

The abovementioned context is defined by economic, managerial, technical and technological, demographic, socio-cultural and educational, political, legal and ecological factors. This context is, in fact, the real entrepreneurial environment which, by the multitude and diversity of the factors involved, exerts direct influences, propagated on any entrepreneurial endeavor.

Beyond this real entrepreneurial environment there is an entrepreneurial environment perceived by the potential entrepreneurs, namely by those who initiate and develop entrepreneurial processes. The perceived entrepreneurial environment represents the perception of a potential entrepreneur with regard to the evolution and influences of contextual factors in a certain area and a certain period of time.

A situation may be perceived as favorable by a potential entrepreneur, who starts a business by taking advantage of such an opportunity. The same situation may be considered by another potential entrepreneur as a barrier, an obstacle for the initiation of an entrepreneurial action.

Professor Howard Stevenson believes that entrepreneurship consists of pursuing an opportunity, making quick changes, adopting multiphase decisions, using the resources of other persons, conducting human relations and networks, and also rewarding the initiators for the newly-created value [10, 13].

Louis Jacques Fillion has structured the entrepreneurial process in ten activities, specifically [4, 10]:

- identifying economic opportunities;
- conceiving the vision on the entrepreneurial action;
- adopting decisions on starting the entrepreneurial process;
- organizing the initiated business;
- purchasing the equipment necessary for the activities to be carried out;
- acquiring raw materials, in general all the elements representing “inputs” in the entrepreneurial process;
- operationalizing marketing methods and techniques;
- selling products and services on the market;
- ensuring the necessary workforce, both in terms of quantity, but especially in terms of quality, i.e. professional competence;
- subcontracting and attracting external collaborators for those activities for which the necessary competence and means are missing.

The aspects presented above refer to the entrepreneurial phenomenon for economic purposes, namely entrepreneurial processes and activities in the economic field. It is worth noting that the entrepreneurial phenomenon also manifests itself in other fields, such as the educational, cultural, social, political field, etc. A person having an idea, crystallizing a vision, materializing that idea through coordinated actions and inducing quantitative and qualitative changes in a certain system or field of activity is, without doubt, an entrepreneur.

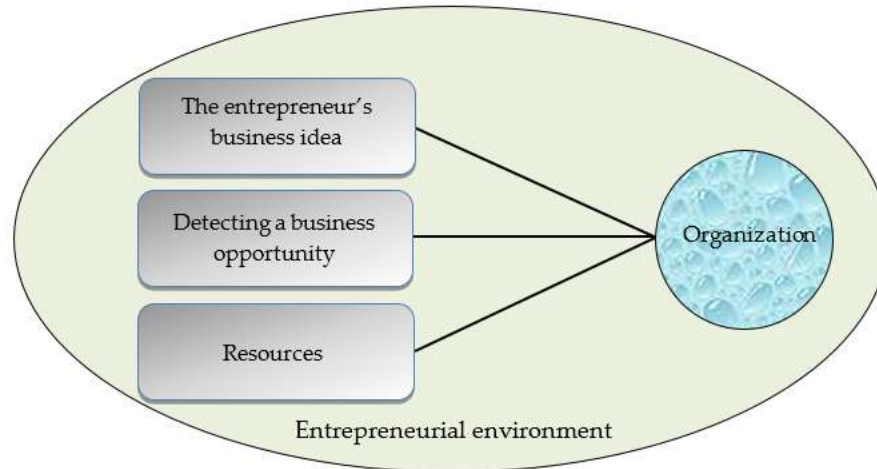
For example, in the university field, a professor can initiate certain methods and techniques (which will become best practice)

both within the pedagogical sphere of the relationship with the students, and in the field of scientific research. The professor can also have a number of initiatives regarding the setup of partnerships with other universities, research institutes, private, public and non-profit organizations. Such a professor, introducing new elements in the didactic, scientific research and administrative activity, propagating change and promoting novelty in the university field, is an exponent of entrepreneurship in education.

Similarly, there is social entrepreneurship, cultural entrepreneurship, political entrepreneurship, etc.

Returning to the economic dimension of the entrepreneurial phenomenon, we summarize the following key-elements: a business idea, a business opportunity, i.e. the detection thereof in a certain entrepreneurial environment and a set of resources (human, financial, material, technological, informational, etc.), by means of which the entrepreneur will initiate and develop the entrepreneurial process (Figure 1).

Figure 1. The essence of the entrepreneurial phenomenon



### 3. The entrepreneur

A special place in the debate on the entrepreneurial phenomenon is held by the entrepreneur. He is one of the main actors of an economic system with competitive market as he creates new organizations and develops existing organizations. As shown above, the starting point of the entrepreneurial action is the business idea, which the entrepreneur puts into practice by detecting and capitalizing an opportunity existing on the market, making use of a set of resources [7].

Therefore, we assume that the market, i.e. the business environment, always offers opportunities, but the entrepreneur has to carry out the “business idea - business opportunity” coupling in order to initiate and develop an entrepreneurial process.

The concept of entrepreneur was introduced by Richard Cantillon in his work *Essai sur la nature de commerce en general*, published in 1755. Cantillon considers that the activity of an entrepreneur lies in procuring and combining the factors of production in order to obtain products intended for sale on the market.

Jean-Baptiste Say, the first professor of political economy in Europe, found that an entrepreneur must possess “...judgment, perseverance and an understanding of the world and business. He has to estimate with tolerable precision the importance of products, the likely level of demand and the factors of production required at a certain time”.

One of the most important representatives of the Austrian School, Carl Menger, highlighted the essential role of the entrepreneur in the efficient allocation of resources, given that the environment of companies is marked by a permanent imbalance [9]. Schumpeter [12] marks an important moment in the evolution of the entrepreneur concept. In his opinion, the entrepreneur is a person who brings novelty elements (a new product, a new production process, etc.). Webster’s Third New International Dictionary defines the entrepreneur as “one who holds, organizes, runs and assumes the risks of a business”.

In the work entitled *Penguin Economics Dictionary* [11], it is estimated that the roles of the entrepreneur consist of procuring the capital necessary for the company, organizing

production by acquiring and combining the factors of production, and also assuming the risk for the activities performed.

The renowned specialist Carland distinguishes between the owner of a company and an entrepreneur [1]. The owner creates and runs an undertaking for personal interests, while the entrepreneur influences and coordinates the activity of an organization, having as central objective obtaining profit.

The American Professor Peter Drucker considers that since the 80s we have been witnessing an entrepreneurial revolution, reflected in the shift from managerial economy to entrepreneurial economy. In his view, the entrepreneur is the person who permanently looks for changes, his actions having a predominantly practical nature [2].

An interesting approach is the one of the Canadian researcher Jean Marie Toulouse, focused on three axes of human activity: value system, degree of commitment and intensity of actions [14]. According to this approach, the entrepreneur pays special attention to the autonomy and freedom of decision, assumes the risks involved by his activity and has a strong inclination towards action, showing creativity in solving the problems that he is faced with.

#### 4. Qualities of the entrepreneur

In specialized literature there are numerous works approaching the subject regarding the qualities that an entrepreneur should have.

Marius Ghenea, a successful Romanian entrepreneur and professor of "Entrepreneurship, Innovation and New Business Ventures" within Maastricht School of Management, has outlined the following

list of qualities required for entrepreneurial success [6]:

- vision;
- intelligence and creativity;
- knowledge of the field of activity;
- perseverance and determination;
- charisma and persuasion;
- responsibility;
- capacity to make decisions quickly;
- identification of solutions for existing problems;
- entrepreneurial flair;
- positive thinking;
- passion for their own business;
- personal ethics;
- confidence in people;
- attitude.

According to the very author of this list, Marius Ghenea, no entrepreneur can meet all these qualities in the superlative, yet it is important to possess a balanced combination and appropriate weights thereof. We consider that vision, intelligence and creativity, determination, responsibility and positive thinking are essential.

As regards positive thinking, an aphorism of the great British politician Winston Churchill is quite eloquent, saying that "An optimist finds opportunity in every difficulty, while a pessimist sees difficulty in every opportunity". Therefore, the optimistic psychological profile is determinant for the success of an entrepreneur.

In our view, the portrait of a successful entrepreneur comprises a series of defining qualities, illustrated in Figure 2. Each of these qualities presents a particular importance, but we consider the following to be essential:

- professional competence in a specific field of activity;
- intelligence and creativity;
- operative decision-making;
- flexibility and receptivity to novelty;
- responsibility and risk taking.

Figure 2. Defining qualities of the entrepreneur



**5. Conclusions**

Supporting entrepreneurship and the strengthening of the small and medium enterprises sector is on the agenda of priorities of governments in the main economic areas of the world.

The entrepreneurial phenomenon brings together processes and activities within which business opportunities in a certain context are detected and exploited, creating and developing organizations that are usually small and medium enterprises.

The entrepreneurial phenomenon also manifests itself in other fields, such as the educational, cultural, social, political field, etc.

A person having an idea, crystallizing a vision, materializing that idea through coordinated actions and inducing quantitative and qualitative changes in a certain system or field of activity is an entrepreneur.

A special place in the debate on the entrepreneurial phenomenon is held by the entrepreneur. He is one of the main actors of an economic system with competitive market

as he creates new organizations and develops existing organizations.

The starting point of the entrepreneurial action is the business idea, which the entrepreneur puts into practice by detecting and capitalizing an opportunity existing on the market, making use of a set of resources.

The portrait of a successful entrepreneur comprises the following defining qualities:

professional competence in a specific field of activity; intelligence and creativity; operative decision-making; flexibility and receptivity to novelty; responsibility and risk taking; strong and balanced personality; capacity to select collaborators and persuasion; action-oriented; communication skills; inspirational leader.

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