

Review

Entrepreneurship and entrepreneur: A review of literature concepts

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The field of entrepreneurship is still a relative one that is less explored, and many opinions in regard to defining the concepts of entrepreneurship and entrepreneurs remain the same. A trial was made by this paper to explore the diversity of concepts identified in specialty literature, and this was approached in their historical evolution. Entrepreneurship entails forming a new organization or restructuring an organization which has already been in existence. It is often a complicated enterprise, so, consequently, numerous enterprises find loads of difficulties in survival. This is an entirely different field involving unique personality traits on the part of the entrepreneur, such as good communication skills, patience, foresightedness, and many more traits, which heads his personality to a brighter side. We believe in opportunities for advancing understanding on the historical role of culture and values on entrepreneurial behavior, using more careful methodologies than in the past, and seeking to specify more exactly how important culture is relative to other variables. There still are major opportunities to complement research on the role of institutions in economic growth by exploring the precise relationship between institutions and entrepreneurs. Finally, conclusions are drawn and some future research directions outlined.

Key words: Entrepreneurship, economy, management.

INTRODUCTION

The creation of dynamism and wealth of a country depends on the competitiveness of its companies, and this is fundamentally based, in its turn, on the capacities of the entrepreneurs and managers (Cuervo et al., 2008). The entrepreneurship is one of the fields with the most rapid evolution in economy, management, finance and even in legislation (Baron and Henry, 2010). More than 40 years ago, Baumol remarked that "the attempt to understand the entrepreneurship without the entrepreneur is like the attempt to understand Shakespeare without Hamlet."

The field of entrepreneurship enjoyed a special attention in specialized literature. Although, there is no

unanimously accepted definition of the entrepreneur or of the entrepreneurship process, the specialists agree over their importance in the economic development (Nagy et al., 2010).

This study is aimed at identifying relevant concepts from literature relating to entrepreneurship and entrepreneur. First, we intend presenting a historical perspective of the development of entrepreneurial thinking, at the same time synthesizing the conditions deemed as necessary to start an entrepreneurial activity, and the factors underlying the success as an entrepreneur. Then, we sought to identify some of the problems arising in defining the entrepreneurship concept, and the ways the main definitions have been summarized in the literature. We also proposed not to separate the concepts of entrepreneurship and entrepreneur in the study; the evolution of any of these two concepts is related to various changes

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when addressing the other concept. At the end of the literature review, we discuss the main findings and propose some possible future research directions.

ENTREPRENEUR AND ENTREPRENEURSHIP: THE PERSPECTIVE OF CONCEPTS

Entrepreneurship is a multidimensional term that is extremely difficult to define (Carree and Thurik, 2005). This complicates the possibility of measuring the level of entrepreneurial activities and, as a consequence, their impact over the economic performance.

Throughout history, entrepreneurial thinking has evolved with unpredictable twists and profound developments (international trade, demand curves, competition as a discovery mechanism, the opportunity construct), offering new conceptualizations of actions that would have an entrepreneurial nature (Murphy et al., 2006).

Besides the fact that it presents a form of expression different from the modern era, the success of entrepreneurship in ancient and medieval time depended on upgrading risk and institutional constraints. Thus, in Ancient Rome, around the year 50 BC, disposable incomes of entrepreneurial activity were according to social controls, regulations, and institutions. Personal accumulation of wealth has been accepted by the society as long as they do not involve the direct participation in industry and commerce, an area populated by former slaves. Wealth was generated from three main sources: land ownership, loans, and payments with political character.

Early periods of the Middle Ages (500 to 1000 AD) have revealed new expressions of entrepreneurship in Europe. Property and social status does not guarantee success because power and wealth were acquired primarily through military activity and war. For entrepreneurs of that time, opportunities for hostile acquisition of resources were part of their business activities (Baumol, 1990). In the last period of the Middle Ages (1000 to 1500 AD), pacifism introduced by the Church has reduced the proliferation of war, and activities such as architecture, engineering and agriculture have acquired entrepreneurial and lucrative character. Through these, development of entrepreneurship has become more acceptable in social terms and is regarded as an activity that brings satisfaction from the economic aspect (Murphy et al., 2006).

The term "entrepreneurship" comes from the French term "entrepreneur". When we seek the first traces of the semantic concept of entrepreneurship, it is important to mention the work of Verin (1982) which locates the historical origins of this term in the late 17th and early 18th centuries. It was thus identified two initial use of the term. The first one, a person doing a civil engineering

construction with an established design and payment and the second, a fighter who wants a conquest, the typical spirit of the Middle Ages Crusades (Sanchez, 2011).

The term "entrepreneur" appears for the first time in the text written by Cantillon (1755) entitled "Essai sur la Nature du Commerce en Général". The word refers to a person who purchases products at known prices and later resells them on the market at prices not known, bringing stability to the market system. Classical economic movement that followed Cantillon set the stage of balance models by promoting economic forecasting and the approach to uncertainty.

Later, the term has been enriched by the differentiation made between entrepreneur and investor, recognizing the differences between their expectations in relation to the action taken. The main factors leading to successful entrepreneurship in the vision of different authors was synthesized by Van Praag (1999) (Table 1).

There are numerous theoretical and empirical studies which consider that attributes like risk taking, innovation, the need of development and the managerial competence are important qualities for the entrepreneurship (Karlsson et al., 2004).

The entrepreneurship might be involved in an economic function, as bearer of uncertainty, as distributor of resources or as innovator. It might also refer to certain behaviour, inherent characteristics, creation of new organizations or the role of an owner or manager of a company (Figure 1).

In the modern sense of market economy, an entrepreneur is an economic agent assuming an innovative and active behaviour, who deliberately accepts financial risks to develop new projects. To this extent, a significant number of companies give great attention and recognition to entrepreneurs; thanks to their contribution to the evolution of the entrepreneurial environment and the influence they have over the macroeconomic indicators.

Briefly, the entrepreneurship, in the opinion of the economists, would be synonymous to the individual's accomplishments in the business field. But when the business has developed, the collective behaviour of the people within the organization becomes critical for its success. Thus, entrepreneurship refers not only to the design of a business idea, but also to the projection and maintenance of the organization so that the activity may continue to take place (Panda, 2011).

The one who literally invented the term entrepreneur, around the year 1800, was the French economist, Jean Baptiste Say; he considered the entrepreneur as a person who transfers resources from one person with a lower productivity to another with higher productivity and increased profit, thus creating value (Vlasceanu, 2010). As seen by Venkataraman (Klein, 2008), the academic sphere of entrepreneurship incorporates in its filed explanations for the means in which the entrepreneurial

Table 1. Determinants of successful entrepreneurship in the view of classical authors.

Author	Starting as an entrepreneur	Success as an entrepreneur	To start and to be a successful entrepreneur
Cantillon			Vigilance and caution Risk bearing
Say	Sufficient reputation to obtain capital	Judgment, perseverance, knowledge of world, business and occupation	To support risk
Marshall	Young people willing to take risks	Intelligence, general ability (dependent on family background and education), knowledge of trade, bear the risk, leadership, to hold capital	
Schumpeter	The desire to start (stronger if fewer alternatives for social distinction, more ambition, energy, creativity)		Leadership
Knight	Ability to raise capital, desire / motivation is important	Ability to cope with uncertainty, trust in yourself, vision, intellectual capacity	Luck
Kirzner	Vigilance	Creativity and leadership to exploit the profit opportunities	

Source: slightly adapted from Van Praag (1999).

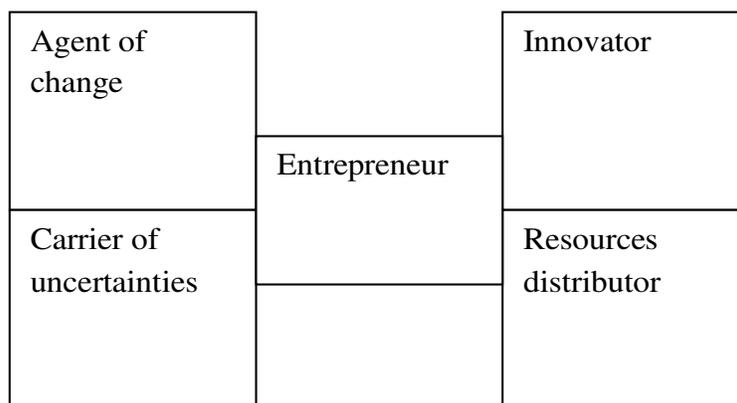


Figure 1. Characteristics of the entrepreneur
Source: Karlsson C., Friis C., Paulsson T (2004). Relating entrepreneurship to economic growth, September, www.businessgrowthinitiative.org.

opportunities exist; the sources of these opportunities and the forms they take, the processes of discovering and evaluating the opportunities; the acquisition of resources for exploiting these opportunities; the exploitation action itself of these opportunities; why only certain individuals discover how to evaluate and gather resources to take advantages of the opportunities; the

strategies used to follow opportunities as well as the efforts to exploit them.

One of the problems in defining entrepreneurship is the fact that it entails a relation between two phenomena: the presence of lucrative opportunities and the presence of private entrepreneurs (Page and Ateljevic, 2009). The entrepreneurial process takes place because the people

Table 2. Definitions of the entrepreneurship.

Author	Definitions
Cole (1968)	The entrepreneurship is an activity dedicated to initiation, maintenance and development of a profit oriented business.
Drucker (1985)	The entrepreneurship is an innovation act who presupposes the endowment of the existing resources with the capacity of producing wealth.
Gartner (1985)	The entrepreneurship is the creation of new organizations.
Hisrich and Peters (1989)	The entrepreneurship is the process of creating something different, with value, by allotting the necessary time and effort, presupposing the taking of financial, social and physical risks, and obtaining monetary rewards and personal satisfaction.
Stevenson et al. (1989)	The entrepreneurship is following an opportunity irrespective of the existing resources.
Kaish and Gilad (1991)	The entrepreneurship is first of all a discovery process and secondly is the process of acting on an opportunity of lack of balance.
Herron and Robinson (1993)	The entrepreneurship is a set of behaviours which initiate and manage the re-allotment of economic resources and whose purpose is the creation of value by these means.

Source: Misra and Kumar (2000).

decide to act in order to follow the opportunities.

The Austrian economist, Israel Kirzner, made popular the notion of entrepreneurship as being a possibility to recognize profit opportunities (Klein, 2008). Karlsson et al. (2004), states: "the activity of entrepreneur is essentially competitive. And thus, competition is inherent in the nature of the process on the entrepreneurial market. Or, otherwise said, the entrepreneurial spirit is inherent to the process of competitive market" (Table 2).

According to Pleter (2005), the entrepreneurs are business people who build (start), develop and manage a business, risking time, efforts and money to this purpose.

The entrepreneurship as a concept refers to an ability of the individual to put into practice an idea possessing some qualities such as creativity, innovation, risk taking, and ability to plan and manage the activities in view of fulfilling the proposed goals. This term knows different approaches at the level of each state, being influenced by certain elements such as education, culture, and environment, legislative and political system (Piti, 2010).

The managerial and self-control qualities of the entrepreneur have evolved as two new major dimensions of their personality, in addition to the traditional concept that the entrepreneurs are involved in risk taking, that is, they are innovative and creative (Biswas, 2000).

The recognition and evaluation of business opportunities represents the beginning of the entrepreneurial process (Baron and Henry, 2010). The individual

entrepreneur detects or creates business opportunities that he then exploits by small and medium size enterprises, usually taking part in the financing of capital for that company, or merely, "he sells" the idea of the business project (Cuervo et al., 2010). The entrepreneur within the corporations or, otherwise said, the executive manager of big companies, has to reinvent the company each day, by creating new enterprises (spin-offs) and developing the networks of the company.

Often, the entrepreneurs/managers within a company shall have a greater power of negotiation due to their position. Their power is especially increased when they are capable of unified actions, when they have access or control over the information and when they represent a significant replacing cost for the organization, if they were to leave it (Arthurs et al., 2009).

At present, Drucker (1985), one of the theorists of the modern notion of management, takes over the idea of change as being related to the concept of entrepreneurship. But for him, the entrepreneur is not as much an agent of change but an enterpriser who identifies and speculates the moments of change, transforming them into business opportunities.

Drucker (1985) declares that "the entrepreneurs see the change as being something normal and healthy.

Usually, they do not make these changes themselves. But - and this defines the entrepreneur or the entrepreneurial spirit - the entrepreneur always looks for change,

Table 3. Definitions of the entrepreneur.

Author	Definitions
Schumpeter (1934)	An entrepreneur is a person making new combinations causing discontinuity. The realization of new combinations may include a new product or a quality of a product, a new method of production, finding a new source of raw materials or reorganization of the industry.
Hoselitz (1960)	An entrepreneur is a person who buys at a price that is certain and sells at a price that is uncertain.
Leibenstein (1968)	An entrepreneur is a person who owns all the necessary resources to produce and launch on the market a product which responds to a market deficiency.
Kirzner (1985)	An entrepreneur is a person who perceived the existence of profit opportunities and initiated some actions to complete the unsatisfactory current needs.
Bygrave and Hofer (1991)	An entrepreneur is a person who perceives an opportunity and creates an organization to follow it.

Source: Misra and Kumar (2000).

being responsive to it and exploiting it as an opportunity.”

Lazear (Lazear 2005) defined the entrepreneur as being the person specialized in taking the decisions over the coordination of limited resources. Ronstadt (1984) cited by Kuratko and Audretsch (2009), claimed that the entrepreneurship is the dynamic process of creating wealth. This wealth is created by the persons taking major risks in terms of fairness and equilibrium, of time, and commitment in offering value for some products or services. The product or service itself can be new/unique or not, but the value must be insufflated by the entrepreneur by allotting the necessary competences and resources.

According to (Panda, 2000: 4) an entrepreneur: a) uses the production factors, buys the raw materials and sets up the organization; b) embarks upon managerial processes of innovation, surveillance and coordination of the productive activities; and c) embarks upon taking the entrepreneurial decision.

(Panda 2000: 4) says that the entrepreneur is: i) innovative, sensing and creating new business opportunities; ii) operates under uncertain circumstances, introduces new products on the market, decides in relation to the location and means of using the resources; iii) manages his own activity and competes with others for a market quota.

According to Baron and Henry (2010), inborn talents or skills are less important in attaining a high level of performance than the persistent application of basic principles of practice.

Although, uncertainty is unavoidable, the successful entrepreneurs take a long way to reduce uncertainty by different researches as well as to reduce risk by passing

the latter to others, whenever this is possible (Tetzschner and Herlau, 2003).

Cole, cited by Panda (2000), declares that the entrepreneur represents an individual or group of individuals who conceive, initiate and maintain, for a significant period of time, a social institution producing economic goods (Table 3).

As a result, even if the entrepreneur is an innovator, a generator of social change which he then economically speculates, or just a skilful speculator of changes, the entrepreneurship is always associated with the idea of opportunity, as stated by Roger Martin, the dean of the faculty, Rotman School of Management, Toronto University.

“The entrepreneurs are considered to have an exceptional capacity to identify and use new opportunities, the necessary commitment and motivation to materialize them, as well as the will to assume the inherent risks.”

According to (Martin and Osberg 2007:31) the entrepreneurship is thus the product of a combination of three elements, the context in which the opportunity arises or is created, a set of personal abilities necessary to identify and use that opportunity, and the capacity to materialize the opportunity, by transforming it into results.

In addition to the simple recognition of the existing opportunities, sometimes, the entrepreneurs may create opportunities at their turn. Their actions produce effects generating opportunities which did not previously exist. Actually, the entrepreneurs act, notice the effects of their actions, make certain adjustments and then act again. Eventually, their actions may be the ones producing opportunities, so that it may be said that the entrepreneurs create opportunities, not just identify them (Baron

and Henry, 2010).

CONCLUSION

This paper presents various approaches identified in the specialty literature of the concepts of entrepreneur and entrepreneurship; tracking them in a particular historical succession. Although, entrepreneurship as a practical activity appeared in antiquity, creating a scientifically theoretical framework is carried out only since the middle of the eighteenth century.

In this respect, there were many opinions on the nature of entrepreneurial activities. A feature present in many studies from different periods shows risk taking as a key condition to start an entrepreneurial activity. Other authors have regarded innovation as central point of entrepreneurship, and more recently, the identification and use of the opportunities are considered basic conditions of entrepreneurship.

Although we have identified a diversity of opinions, we can appreciate that there is still no consensus in defining the two concepts. We consider simultaneously addressing two fundamental concepts because they condition each other; we cannot talk about an entrepreneur without considering the qualities of entrepreneurship and entrepreneur.

In line with the findings of Sanchez (2011), literature review revealed to us studies conducted mainly in entrepreneurship from an economic, managerial or sociological perspective, with less consideration from a psychological perspective. In accordance with findings of Den Praag (1999) regarding the determinants of successful entrepreneurship, a possible direction of future research would be the study of leadership-entrepreneur-entrepreneurship relation. In addition, research could be directed towards putting different perspectives of entrepreneurship approach in an integrated framework.

Finally, we notice the importance of extending research in various specific areas of entrepreneurial activity (such as tourism, where studies are still few). Thus, broadening the concept of entrepreneurship can be used to identify new features of the entrepreneur specific to the studied context.

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