

CHALLENGES OF ENTREPRENEURSHIP IN THE SOCIETY OF KNOWLEDGE

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ABSTRACT:For enterprises, success can come from a united structure that favours family values, teamwork, tenacity and continuity. The present research is the subject of a study carried by the Centre for Students of Entrepreneurship and Management of Businesses in order to identify the main entrepreneurial challenges of young entrepreneurs in Dambovita County in the society of knowledge as well as the importance it can have on economy through providing a simple instrument to measure competitiveness of entrepreneurial environment. To achieve this thing it has been done, for a start, a research regarding the attitudes and perceptions about entrepreneurship. The analysis was designed taking into account several fundamental factors in entrepreneurship: entrepreneurial culture - education and opportunities in the society of knowledge. The results can be a reference for young entrepreneurs (students of the Faculty of Economic Sciences) as for the decisional authorities in order to support as much as they can the establishment of start-ups these being a factor of progress of the contemporary economy and even a solution to exit from crisis.

KEYWORDS:entrepreneurship, opportunities, performance, start-up.

1. INTRODUCTION

The definition of entrepreneurship was debated for a long time between researchers, teachers, but also practitioners obliged to take the best decisions. The concept of entrepreneurship is not a new one. We find it since the 18th century when the French economist Richard Cantillon associated taking risks in economy with entrepreneurship. Louis the XIVth used to say “bourgeois and craftsmen will become the artisans of rich”. The term “entrepreneurship” comes from the French verb “Entreprendre” and the German word “Unternehmen”, both meaning “enterprise”. Bygrave and Hofer in 1991 defined the entrepreneurial process as “involving all the functions, activities and actions associated with the perception of opportunities and creation of organizations to pursue them” [1]. Joseph Schumpeter introduced the modern definition of “entrepreneurial spirit” in 1934 [2]. According to Schumpeter, “the carrying out of new combinations we call ‘enterprise’ and “the individuals whose function is to carry them out we call ‘entrepreneurs’. Schumpeter connected entrepreneurship of five basic elements ”new combinations” namely: introduction of a new product, introduction of a new method of production, opening a new market, the conquest of a new source of supply and the carrying out of a new industrial organization. Peter Drucker said that “entrepreneurial spirit” is a practice [3]. What this means is that entrepreneurial spirit is not a state of being, nor is it characterized to make airplanes that are not used. Entrepreneurship starts with action, creation of new organizations. This organization may or may not become independent and, actually, it cannot earn significant revenues. But, when individuals create a new organization, they entered in the paradigm of entrepreneurship.

British economists, such as Adam Smith, David Ricardo and John Stuart Mill achieved briefly, the concept of entrepreneurship, although they referred to it under the broader sense of the term in English “business management”. Since the writings of Smith and Ricardo suggest that they have underestimated the importance of entrepreneurship, but Mill is the one that highlighted the importance of entrepreneurship for the economic growth. In his writings, Mill argues that the entrepreneurial spirit needs “a specialist”, and he regrets the fact that there is no good equivalent word in English to encompass the specific meaning of the term in French “entrepreneur”.

The necessity of entrepreneurship for production was the first officially recognized by Alfred Marshall in 1890. In his famous work “Principles of Political Economy”, Marshall says that there are the four factors of production: field, work, capital and organization. The organization is the coordinating factor, which brings together the other factors, and Marshall thinks that the entrepreneurial spirit of management is the element behind any organization. Through creative organization, the entrepreneurs can create new goods or improve the “plan to produce an older good”. In addition, Marshall’s entrepreneurs must be able to have the capacity to foresee the changes of demand and supply and to be willing to act in such risky forecasts in the absence of some complete information.

Marshall, also, suggests that the neofactor the abilities of the associated entrepreneur with the entrepreneurial spirit are rare and limited in the activity of supply. He argues that the abilities of entrepreneur are “so big and so numerous that very few people can present all in a high degree.” Marshall, however, explains the fact that people can be taught to acquire abilities that are necessary to be a good entrepreneur. Unfortunately, the opportunities for entrepreneurs are often limited by the economic environment, by what surrounds them. In addition, although the entrepreneurs share a few common abilities, all the entrepreneurs are different, and their success depends on the economic situation in which they try their efforts in start-ups.

We can suggest that the role of an entrepreneur is that he is a carrier of risk in the face of uncertainty and imperfect information. F. Knight [4] claims that an entrepreneur will be able to bear the risk of a new adventure in case he considers that there is an important chance to make profit. Although many current theories regarding entrepreneurship agree that there is an inherent component of risk, the theory of risk, we cannot explain though why some people become entrepreneurs while others do not. Thus, in order to build a model of development of entrepreneurship, it is necessary to look at some of those characteristics that help, explain why some people are entrepreneurs; risk may be a factor, but this is not the only one.

Modern school tries to explain that the role of an entrepreneur is an innovating one; although, the definition of innovation is still broadly questionable. I. Kirzner [5] suggests that the process of innovation is, actually, a spontaneous behaviour “intentional learning”. Thus, the necessary characteristics of the entrepreneurs is vigilance, not the skills, other than intrinsic to recognize opportunities which are necessary. Other schools of economists argue that the entrepreneurs have special skills that enable them to participate in the process of innovation. H. Leibensteina argues that the dominant characteristics, necessary for the entrepreneurs is that they are gap-fillers, ie they have the capacity to perceive in case on a market are developed new goods or processes according to market requirements, but which are not currently provided [6]. Thus, entrepreneurs have the ability to connect different markets and failures and deficiencies of markets are completed.

Although the idea that the entrepreneurs are innovators is broadly acceptable, it may though be difficult to apply this theory of entrepreneurship in the developing countries. Many times in these countries, the entrepreneurs are not really innovators in the traditional meaning of the word. Entrepreneurs rarely produce new products, of brand. They prefer to imitate products and processes of production which were invented elsewhere in the world (usually in the developed countries). This process, we can call “creative imitation”. Creative Imitation occurs when imitators understand better how an innovation can be applied, used or sold in the niche of market specially created in this respect. Thus, the process of innovation is often in imitate and its adapting, instead of the traditional notion of new product or process of discovery and development.

Today’s economy based on knowledge is a fertile ground for entrepreneurs, in any country. It is rightly believed that there are many talents with practical unlimited potential to become entrepreneurs. Therefore, it is important to get the commitment of creating a favourable environment to develop successfully entrepreneurs. To achieve this, it is necessary to focus on four areas, in our opinion.

- creating an enabling environment to have success: Entrepreneurs should find an easy environment to start a business. To do this, most Romanians could start with capital borrowed from the 3Ps (parents, friends and other fools), CEO plays the role of sales agent but strategist also. A major challenge for Romania is to create a series of “*areas of excellence*” –fertile ground in which the ideas to grow through businesses (we compare this thing with a start-up from Silicon Valley). One way to strengthen these areas is to reconsider the role of universities, places where excellence usually flourishes.
- Ensuring that the Entrepreneurs have access to qualifications: after a survey conducted by the Centre for Students of Entrepreneurship and Management of Businesses it was shown that most of the companies of start-up in Dambovită face two gaps in communication: entrepreneurial (the way of managing the business risks, of building team, identifying financing source) and functional (product of development of know-how, marketing abilities, etc.). We have to make sure that the university curriculum is modified to address the changing of the businesses landscape today, particularly on emerging markets, as well as to build “centres of entrepreneurial excellence” in the institutions which will actively assist in the training of entrepreneurs.
- Ensuring that The Entrepreneurs have access to “Smart Capital”: For a long period of time, Romanian entrepreneurs had limited access to capital. It is true that, in recent years, many hedge funds entered on the market in the region South Muntenia. And, while the sector is still at the beginning, the investors are the main source of supplying of capital, as well as the access to potential partners, suppliers, and clients. However, the challenge for the region Muntenia to eliminate the gap regarding the creation of the start-up relative to other regions is the creation of a new network of support of business angels (investing angels) who support the idea and the young businessmen.
- The access to social networks: The entrepreneurs must learn from their own experience but from the others as well. The rapid rhythm of globalization and the rapid growth of economies present extraordinary opportunities and challenges for Romania. By planning and concentration, Romania can aspire to create a group of entrepreneurs who will be world’s leaders of tomorrow in the region.

Both at central level and at local level the state has to pay a great interest in promoting the growth of entrepreneurship. People are encouraged to form new businesses and may be the beneficiaries of a government support, such as tax incentives, buildings (industrial parks, businesses incubators), roads, and a communication system that will facilitate this creation process. Encouraging by the governments should continue in the future, as we realize that the new enterprises can create new jobs and increase the economic production of the region. Each county should develop its own innovative industrial strategies to promote the activity of entrepreneurship.

2. THE ROLE OF THE ENTREPRENEURIAL ACTIVITY IN THE SOCIETY OF KNOWLEDGE

In the last decades, the phenomenon of entrepreneurship won an importance without precedent at worldwide scale, being considered an important source of new jobs, innovation and economic growth [7].

After reviewing the main concepts, researchers discovered clear evidences of the connection between the concepts of entrepreneurship, economic development and production activities [8]. Much of these results leave from a general perception that the enterprises, under the management of an entrepreneur, are a major contribution to creating jobs and economic growth. Such views, shared by economists, politicians and a significant part of society is, actually, the reason why in many countries are lately trying to promote the entrepreneurship activity [9].

So far, there are evidences that show that the establishing of the importance of start-ups, the development and implementation of public policies may influence the level of the entrepreneurial activity at the level of country or region [9].

From past until now, the entrepreneurs have greatly affected our societies, economies and industries. According to the concept of entrepreneurship, the mission of entrepreneur is to create wealth and growth of business. There are various examples of successful entrepreneurs (Henry Ford, Bill Gates and others) who created both personal fortunes and public prosperity of their innovating products and who affected our society a lot having as a result the advancement of an entire civilisation.

Achieving this mission leads to additional benefits to members of a society. This should be the mission of any organization, and this has to manifests though social responsibility. For example, the benefits obtained by clients because they, the entrepreneurs, are able to satisfy a need, by acquiring a product or a service. In addition, the risk of capital, the creditors, and shareholders will benefit from achieving the yield of profitable investments in the profitable businesses of the entrepreneur. Moreover, the employees benefit from getting some revenues from the growth of the activity and business's development. As a result, the employees become later the clients who, by the power of buying thus obtained, will buy goods and services from the entrepreneurs that produce.

Improving society became a priority direction in promoting the entrepreneurial spirit. This is the organization's mission [10]. It is important to note that the entrepreneurial spirit and the society are tightly linked. Because entrepreneurial spirit, as part of our society, functions in social environment, the entrepreneurship and society are complementary between themselves. Consequently, both concepts of society and entrepreneurial spirit are dynamic through their nature, and not surprisingly, the society evolves in time; through the role played by the entrepreneur, who, also, changes.

3. METHODOLOGY OF RESEARCH

3.1. Hypotheses

As mentioned earlier, the definition of entrepreneurship has different meanings for different people. Even if the definition of entrepreneurship was contested among researchers, teachers and decisional factors for a long period of time, there isn't a complete consensus for it yet. Based on the definition of I. Kizner (1973) regarding entrepreneurship, it includes two essential components, innovation and opportunity, which can be considered as the main challenges and the vital ingredients for the concept of entrepreneurship which lead young entrepreneurs to the development of new ideas. Therefore, the main hypotheses of this study are:

H1: entrepreneurial challenges inspire the entrepreneurs to explore more opportunities, by identifying critical items, with values lower than the average of the index of performance. To realize methodologically this thing, the index of performance will be calculated according to the method proposed by Cezar Mereuță (2004), thus:

$$I_{pi} = \frac{V_i - V_{imin}}{V_{imax} - V_{imin}}, \text{ where:} \quad (1)$$

V_i – the value of the criterion p_i . For our situation this is the value of the score per item;

$V_{i \min}$ – represents the minimum value of the criterion “i”. For our situation this is the minimum value of the score per items:

$V_{i \max}$ – represents the maximum value of the criterion “i”. For our situation this is the maximum value of the score per items;

H2: developing a matrix of results formed, on one hand, from critical items (those that register values smaller than the average of the index of performance) and, on the other hand, the specific weight of the dimensions of assessment resulted from the hierarchy of importance of dimensions of evaluation formulated by the target group.

To test these hypotheses, we must show how the chosen entrepreneurial challenges affect young entrepreneurs and lead them to new opportunities and development of new ideas.

Regarding the first challenge, in the last decades, innovation became globalised; therefore, the importance of innovation as engine of competitive advantage in economies grew more and more. Innovation for entrepreneurs counts because it can deliver better products and services, new and more efficient processes of production, which will lead to an improved performance of businesses. For consumers, innovation means superior quality and better value goods more, efficient services and higher standards of living [11]. In this work, innovation, is defined as a successful exploitation of new ideas. Innovation involves creation of new models, concepts and ways of doing things, their commercial exploitation, as well as further dissemination for the rest of economy and society [12].

Regarding the second challenge, opportunities, in a dynamic world, says that success of a company is based to a large extent on its capacity to follow them. Recognizing the importance of entrepreneurial opportunities, the research attention on the phenomenon of entrepreneurial opportunities assumes critical significance [13]. Eckhardt and Shane define entrepreneurial opportunities through the situations in which the goods, services and raw materials, markets and the methods of organization may be introduced by forming new ways or the means that end these relations [13]. According to Schumpeter, these, the opportunities, arise in the economy as a result of a process of self- transformation, in which, the guide element is an innovative “entrepreneur-hero”. In other words, he gives aware of the importance of personal features and motivation of entrepreneur. Schumpeter suggests that entrepreneurs are the people intrinsically motivated to use the benefits of technological, demographical, social changes and of creating upheavals in the current state of balance and introduce new products and services or new ways of working [13].

The following model is built in order to analyse the established hypotheses. This offer the visual representation of the “challenging-entrepreneur” process. To test this model, more factors are involved, such as, creativity, intelligence, good communication qualities, energy and durability, excess of imagination, inability, lack of training in the field of financial planning of the business and insufficient delegation of responsibilities of the company toward the team.

In this context, the aim of our research is, that on scientific basis, to elaborate a methodology that could be used in assessing the impact of entrepreneurship on organizational performance.

3.2. The sampling of evidence and data selection

To test the hypotheses were used the collected data, based on questionnaire within a group of 63 young entrepreneurs in Dambovită county. The quantitative research is both deductive and inductive. It is deductive because it will be taken into account hypotheses and theories previously expressed, whose validity and implementation, even in particular cases, will be highlighted during the research itself. The research is inductive as the aim is to obtain new knowledge starting from empirical situations.

3.3. Research method

Obtaining the information was performed through the method of survey. The respondents were asked to evaluate, on a value scale from 0-minimum to 10-maximum, the items of entrepreneurial challenge: are involved factors such as creativity (Cr), intelligence (In), good communication qualities (Ccb), energy and durability (Edi), excess of imagination (Ei),

inability (I), lack of training in the area of financial planning of the business (Lpdf) and insufficient delegation of responsibilities of the company toward the team (Dirc). Also, to identify the weight specific to the dimensions of evaluation, the respondents were asked to rank them, on a value scale, according to the rank of importance. The items that have got critical values, smaller than the average, as well as their specific weight, were transposed in the matrix of results to identify the axes of priority intervention [14].

For conducting the research, from all the methods of collection and systematization of the information, it was chosen a quantitative method with positivist orientation-explicative, thus, direct, selective research, based on a questionnaire. For statistical processing of the data collected it was used the computer software EXCEL. We present, in table 1, for the entrepreneurial challenges, the results of the scores per challenge of evaluation, as they resulted from the processing of questionnaires, the results of the medium scores per item, the specific weight for each entrepreneurial challenge (Pa) as well as the resulting values of the performance index (Ipi).

Table 1. Results of evaluation of entrepreneurial challenges

Entrepreneurial challenges	Pa	Score per Items	I_{pi}
Cr	VIII	7,10	0,76
In	III	5,63	0,58
Ccb	II	5,17	0,50
Edi	V	4,79	0,66
Ei	VI	4,08	0,31
I	IV	5,58	0,21
Lpdf	I	5,13	0,36
Dirc	VII	6,67	0,45
Global score		4,94	
Vimin		4,08	
Vimax		7,10	
Media Ipi		0,46	

The analysis of the results of evaluation of dimension of the types of entrepreneurial challenges allows the highlight of the following important conclusions:

- Globally, the score got, respectively 4,94, lays creativity (6,67) as being the most favourable in terms of entrepreneurial challenges, explainable for Romania.
- The share specific to dimensions of evaluation, obtained from ranking in order of importance of dimensions of evaluation of entrepreneurial challenges, lays on the first place “the lack of training in the field of financial planning of the business” (Lpdf), on the last place being positioned “creativity” (Cr).
- The dimensions with the most scores lower than the average of the index of performance are: Ei (excess of imagination)-0,31; I (inability) – 0,21; Lpdf (lack of training in the field of financial planning of business)- 0,36 and Dirc (insufficient delegation of responsibilities of the company toward the team) -0,45 while the challenges creativity (Cr), intelligence (In), good qualities of communication (Ccb), energy and durability (Edi) do not have any item with a lower score than the index of performance.
- The minimum value of the score per item, of 4,08 was registered by the item Ei (excess of imagination) which shows us the direction the entrepreneurs in Dambovită wish to act.
- The maximum value of the score per items, 7,10, is registered at the item creativity (Cr).

To identify the priority axes of intervention, we present, in table 2, the matrix of the results of the main types of entrepreneurial challenges. The matrix of results includes the items with

critical scores, ie with smaller values than the average of the index of performance, as well as the weight specific to the dimension of challenges. The algorithm of axes prioritization, according to the methodology that we support, is the following: the intervention will be made according to the weight specific to dimensions, starting with the most important dimension, continuing with the others, in the descending order of importance. For the dimensions where there are more items with critical scores, the intervention will debut from the item with the lowest score, continuing to increase in the order of scores.

Table 2. Matrix of results of evaluation of entrepreneurial challenges

Items	Cr	In	Ccb	Edi	Ei	I	Lpdf	Dirc
Scores critics					0,31	0,21	0,36	0,45
Pa	VIII	III	II	V	VI	IV	I	VII

So, the axes of intervention at the level of entrepreneurial challenges, for the sample studied, in order of prioritization, are:

- Excess of imagination (Ei): many times, excessive creativity that is not supported by a feasible plan works in the detriment of the entrepreneurs who are subject of the analysis, as many ideas which sound good at a first glance, appear to be impossible to implement in a profitable business;
- *Inability to take decisions quickly* (I): most entrepreneurs always want to take the best decision, which often delays a lot the decisional process in their organizations; our opinion in this area stays that that a less good decision taken immediately is better than a better decision taken later, often too late;
- *Lack of training in the field of financial planning of the business* (Lpdf): much of the Dambovita entrepreneurs rely exclusively on their entrepreneurial intuition regarding the planning of cash-flow of the organization and other elements of financial planning absolutely necessary to a harmonious development of the business;
- *Insufficient delegation of responsibilities of organization toward the team* (Dirc): Dambovita entrepreneurs, even more than those in other regions or even other countries, strive excessively to keep everything under their control, for reasons of caution connected to the trust they have in the employees, or, more often, for the syndrome “I know better”, which many entrepreneurs manifest, even in areas in which they do not have the necessary training.

The entrepreneurial challenges predispose young entrepreneurs to build strong enterprises that use innate talents, knowledge and special skills adapted to stimulate revenue growth, profitability and prosperity. This inspiration gives them the possibility to move their entrepreneurial activities to the most advanced levels, on a next step. Thus, after the analysis illustrated, the given hypotheses are confirmed.

4. CONCLUSION

The concept of entrepreneurship is multilateral and has a variety of definitions due to the various interpretations and different perceptions of it.

The research community allocates a lot of energy to define the concept of entrepreneurship. This thing proves to us the complexity of the area, as well as the fact that this thing could and should be exploited from many different frameworks of understanding [15].

Today, with the rapid development of our society, the entrepreneurial spirit became a determining factor of production in the economic growth. This thing make entrepreneurial spirit to be very important in macro-economic terms. It became a broader economic phenomenon which has a major impact on economy.

The areas of implementation and the implications of entrepreneurship, will continue to change and develop because the environment the entrepreneur carries on his activity, is in a continuous change and evolution. Therefore, the companies must learn to think and act in this dynamic equilibrium.

The declared and tested hypotheses determine us to say that the challenges of the society of knowledge inspire the entrepreneurs to achieve their goals and values. Thus, we can conclude that for the development of the entrepreneurial spirit is required a person with abilities, skills and competences of pursuing the objectives and learn from failures. Thus, it is confirmed and proven that the challenges inspired the entrepreneurs to achieve their objectives by promoting and encouraging the entrepreneurial spirit, as this offers an essential and vital environment where the entrepreneurs operate today.

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