MECHANISMS OF ENTREPRENEURSHIP IN THE BUSINESS AND ECONOMY: THEORETICAL AND PRACTICAL ASPECTS

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Abstract: Given the growing importance of agility in contemporary organizations, it is imperative to investigate how to understand the characteristics of the agile enterprise. The aim of this article is thus to identify entrepreneurial behavior in contemporary enterprise and the strategic implications of agility. The paper shows mechanisms of entrepreneurship in business and economy in context competition and changes on the global market. The findings of this paper highlight the characteristics of agile enterprise in a contemporary business environment. It shows that attributes namely entrepreneurial resourcefulness and strategic leadership help to enhance the capability of a firm to compete in an increasingly intensified business environment. The aim of this article is to identify instances of entrepreneurial behavior in a contemporary enterprises and their impact on the adaptation of business enterprises to new challenges. Reflections contained in the paper do not have definite characteristics and should be treated as an opinion in the discussion in fields management sciences.

Keywords: management, entrepreneurship, business, global market, enterprise.

Introduction

Entrepreneurship is seen as profit-oriented idea which leads to new company creation, the fast growth of existing companies and gaining a competitive advantage. Sustainability is treated as being socially-oriented which entails respecting the needs of current and subsequent generations of people. Entrepreneurship can be perceived as a way of thinking and acting through the personal interest of a given person, while sustainability is connected with the interest of the whole society and overlapping generations (Gaweł, 2012). This means that entrepreneurship and sustainability are perceived from different perspectives. Does this mean that they are completely opposite or do they have anything in common? Is it possible to achieve these two sets of goals simultaneously, to combine the profit and social orientation in one company? If yes, under what conditions?

Currently, the enterprises that succeed are those that are able to quickly adapt to changing environmental conditions and to offer customers unique, desirable value. This is a source of revenue and profit for the enterprise. The management of revenue received from customers is essential, because the size and timeliness of revenue translates directly into the value of the enterprise and its liquidity. And this in turn has an impact on the building of its competitive position on the market.

Research Methodology

The main aim of this paper, within a conceptual approach, is to show the possible relationship between entrepreneurship, especially entrepreneurial orientation, and sustainability. The entrepreneurial orientation of companies (measured by their innovativeness, proactiveness, risk-taking, autonomy and competitive aggressiveness) and sustainable development are not mutually exclusive. Entrepreneurial orientation is more a particular way of acting whereas sustainability is a set of postulates and aims. Thus, in order for a favourable relationship to exist between the two, implementing the pro-social and pro-ecological postulates of sustainability must provide measurable benefits for a company and must be incorporated into a company’s strategy.

Paper contains an analysis of mechanisms of shaping entrepreneurship in business and economy. Theoretical considerations were based on studies conducted at foreign institutions as well as the author's own analysis. Analysis of the results of research carried out by foreign entities was conducted to provide information as to the overall development of entrepreneurship in contemporary economy. The author's own analysis should expand the knowledge available on aspects of the process of shaping relationships between entrepreneurship and sustainability and should be a starting point for broader comparisons and conclusions.

The issues presented in this work do not exhaust the list of problems that aggravate researchers in this field. The contents (threads) included here give a sketch of the issues in order to stimulate the asking of further questions, rather than looking for specific answers. They are to become an inspiration for further exploration, to expand the boundaries of our knowledge and research abilities in the fields of economic sciences.
Selected aspects of entrepreneurial orientation

Entrepreneurial orientation indicates the organization’s predisposition to accept entrepreneurial processes, practices and decision making and shows the degree to which the identification and exploitation of market opportunities influence a company’s growth (Baker & Sinkula, 2009). Entrepreneurial orientation is a strategic construct, a process of strategy-making and one of the constructs in strategic management, whose aim is to achieve company growth. Because of entrepreneurial orientation, companies have a better chance to rebuild their activities through introducing new products and entering new markets, implementing new processes and through strategic transformation (Richard, Wu & Chadwick, 2009). Entrepreneurial orientation is part of a company’s organizational culture and indicates a way of acting.

Entrepreneurial orientation is a combination of five dimensions: innovativeness, proactiveness, competitive aggressiveness, risk-taking, and autonomy. While the first two characteristics are more concerned with forward-thinking, the latter three are related to change-oriented actions. Taking these five dimensions together, an organization that has an entrepreneurial orientation is more likely to direct their attention and effort towards opportunity recognition and realization. Table 1 illustrates the descriptions of each dimension in greater details.

<table>
<thead>
<tr>
<th>Entrepreneurial orientation dimensions</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Innovativeness</td>
<td>reflects a firm’s tendency to move beyond current practices and support novelty; ideas that may result in new ways of doing things</td>
</tr>
<tr>
<td>Proactiveness</td>
<td>refers to a firm’s capability to seize the initiative in the marketplace</td>
</tr>
<tr>
<td>Competitive aggressiveness</td>
<td>refers to a firm’s propensity to challenge its competitors to outperform industry rivals in the marketplace.</td>
</tr>
<tr>
<td>Risk taking</td>
<td>refers to a firm’s willingness to depart from established practices into unknown field</td>
</tr>
<tr>
<td>Autonomy</td>
<td>refers to the ability and will to be self-directed in the pursuit of opportunities; reflects a firm’s tendency to move beyond current practices and support novelty</td>
</tr>
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</table>

Source: own research.

Innovativeness means a company’s openness to new ideas, novelty and experimentation, as well as creative processes aimed at developing new products, services or technological processes. Risk-taking is connected with making decisions and taking actions without any knowledge of the possible outcomes and shows the degree of making risky resource commitments (Frishammar & Horte, 2007). Proactiveness is treated as a forward-looking perspective as a result of which first-mover or market-leader advantages can be achieved. Proactiveness involves searching for market opportunities in order to introduce onto the market new products or services ahead of one’s competitors, as well as anticipating future demand. Autonomy is understood as the independent action of people aimed at realising business visions (Dess & Lumpkin, 2005), or as the ability to be self-directed in searching for market opportunities. Employees’ sense of independence is a prerequisite for building competitive advantage and for identifying business opportunities (Lumpkin, Coliser & Schneider, 2009). Competitive aggressiveness means the level of effort needed to outperform industry rivals, and is characterized by an aggressive response aimed at improving one’s market position.

Entrepreneurial behavior revolves around how entrepreneurs act and behave in the business environment. A closer examination of entrepreneurial behavior suggests agility constitutes to an important part of entrepreneurship. Entrepreneurial activities are primarily based on the ability to mobilize the necessary resources in order to take advantage of market opportunities. An agile firm has to assess the adequacy of its resources; and, if necessary, build and develop the key resources internally or obtain the resources externally. This includes leveraging the knowledge and competencies of key business partners via building strategic networks or partnerships in order to enhance their capabilities (Sajdak, 2015).
Table 2. Examples of companies’ attitudes depending on the intensity of their dimensions of entrepreneurial orientation

<table>
<thead>
<tr>
<th>Entrepreneurial Orientation</th>
<th>Attitude with a low intensity</th>
<th>Attitude with a high intensity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Innovativeness</td>
<td>imitative innovation</td>
<td>introducing radical innovation</td>
</tr>
<tr>
<td>Proactiveness</td>
<td>relying on current and past trends</td>
<td>strong orientation for the future</td>
</tr>
<tr>
<td>Competitive Aggressiveness</td>
<td>accepting existing competitors</td>
<td>strong competitive drive; striving to stand out from competitors</td>
</tr>
<tr>
<td>Risk taking</td>
<td>aversion to risk</td>
<td>propensity for risk</td>
</tr>
<tr>
<td>Autonomy</td>
<td>undertaking actions imposed by external factors</td>
<td>taking independent strategic decisions</td>
</tr>
</tbody>
</table>

Source: own research.

Table 2 shows examples of companies’ attitudes depending on the intensity of their dimensions of entrepreneurial orientation. When innovativeness is analysed the companies’ attitude can be from imitative innovation to radical innovation. Taking into account the risk-taking, enterprises can represent attitude towards risk from aversion to risk to propensity for risk. The lowest intensity of proactiveness means that companies rely on current and past trends; while the highest, a strong orientation towards the future. The difference in autonomy dimensions vary from undertaking actions imposed by external factors to independent strategic decisions. Competitive aggressiveness can represent a range of intensiveness from accepting existing competitors to a strong competitive drive.

Table 3. The main differences between conventional managers, entrepreneurship and intrapreneurship

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Conventional managers</th>
<th>Entrepreneurship</th>
<th>Intrapreneurship</th>
</tr>
</thead>
<tbody>
<tr>
<td>Activity</td>
<td>Delegating and managing without being directly included</td>
<td>Being directly included</td>
<td>Directly being included without delegating</td>
</tr>
<tr>
<td>Risk</td>
<td>Self-possessed</td>
<td>Taking risk in medium – level</td>
<td>Taking risk in medium – level</td>
</tr>
<tr>
<td>Time Management</td>
<td>Meeting the quotas and budgets that are in short run weekly, monthly, quarterly and yearly plans</td>
<td>Achieving the growth plans for 5-10 years of the firm and maintaining continuity of the activities</td>
<td>Following the plans that are considered as necessary according to the urgency between traditional managers and intrapreneurship</td>
</tr>
<tr>
<td>Basic Patterns</td>
<td>Traditional company rewarding like giving promotion, office, position and power</td>
<td>Independence, creativity, opportunity and money</td>
<td>Ability of independence and increasing the company rewards</td>
</tr>
<tr>
<td>Failures or Mistakes</td>
<td>Avoiding making mistakes and surprises</td>
<td>Being interested in mistakes and failures</td>
<td>Efforts to hide risky projects until being ready</td>
</tr>
<tr>
<td>Decisions</td>
<td>Being generally agree with executives</td>
<td>In the pursuit of firm decisions besides his dreams</td>
<td>Including others while being in the pursuit of his dreams</td>
</tr>
<tr>
<td>Relationships With The Others</td>
<td>Hierarchy in basic relationships</td>
<td>Performing operations Hierarchically</td>
<td>Performing operations hierarchically</td>
</tr>
<tr>
<td>Family History</td>
<td>Family members are working in the big business</td>
<td>Professional small business or farming</td>
<td>Professional small business or farming structure</td>
</tr>
</tbody>
</table>

Source: own research.
It has become extremely important to use new techniques and strategies to achieve and maintain the organizational success. In this respect, entrepreneurship and innovation are the lifesavers for the organizations. Innovation played an effective role in economic and social development. In other words, the main source of economic growth and competitiveness is innovation (McGowan & Hu, 2014). In compliance with innovation, entrepreneurship and intrapreneurship activities became significant to have sustainable and stable national economy as well as organizations. Development of intrapreneurship to achieve organization’s goals and objectives emerges as a necessity. Members of the organizations are required to fulfill obligations of an innovative mindset. Because of existence of such members who seek opportunities and innovations in a changing and risky environment, exploiting all production factors on behalf of individual and organizational goals is attached great importance to raise the level of social welfare development.

The adoption and internalization of intrapreneurship are affected by innovative culture. Achieving sustainable and competitive advantage for organizations requires an innovative culture that allows and motivates intrapreneurship. In rapidly changing competitive environment, organizations are to support innovative culture to be able to respond quickly, to reach the objectives and to adapt faster than their rivals (Güsoy & Güven, 2016).

Enterprises try to find a dynamic equilibrium to be able to stay in power competition between change and continuity to make entrepreneurship important and check how to internalize it. In Table 3 there are some differences between conventional manager, entrepreneurship and intrapreneurship even they have similarities. Similar and different features are important in terms of the organization's strategies and objectives.

The concept of agile enterprise

Agile enterprises have the constant ability to facilitate changes in order to sustain competitive advantages and that include reconfiguring and developing competencies (Weber & Tarba, 2014).

The concept of agile enterprise has primarily been used to explain how organizations develop and maintain competitive advantage through mobilizing resources. An agile enterprise not only reacts to changes but also initiate changes. Therefore, the key to understanding agile enterprise is to determine how enterprise coordinates their resources, and more importantly, what are the attributes of the agile enterprise. Enterprises need a set of competencies which allow them to exploit the market opportunity and respond to the fast-changing business environment promptly.

Acuity is concerned with the routines an enterprise created in order to observe and analysis market conditions, including long-term strategic planning, periodic SWOT analysis, market research and consumer research. These are necessary activities to shape and reinforce the competitive advantage of an enterprise. In addition to identifying market opportunities through conducting strategic analyses, companies should utilize early warning systems or developing their own effective methods of analyzing market environment for their business operations. A good market analysis is the foundation of innovation and creativity. One common approach is to work with customers in order to better understand consumer needs as well as explore potential market opportunities. Such market-driven innovation or consumer-centric innovation is characterized by the level of engagement with consumers as well as validated market needs. Another key dimension is the operational activity related to information technology (Sajdak, 2015).

The adoption of information technology – namely Customer Relationship Management, Search Engine Optimization and social media – is particularly important in the digital age and thus digital marketing activities and IT strategy considered as an essential part of operations in contemporary organizations. While digital marketing activities are related to attracting new customers, customer knowledge management is about keeping existing customers satisfied. In short, the role of IT in the contemporary business environment is influential especially in the light of acuity.

Entrepreneurial Resourcefulness is related to the ability to turn weaknesses into strengths or convert market threats into opportunities by taking full advantages of available resources. Resourceful entrepreneurs often proactively seek alternatives to accomplish their goals; they improve existing products and process in order to increase productivity and performance. In agile enterprises, resourcefulness involves the ability to assess the adequacy of resources, build and develop existing resources, and leverage key assets from business partners.

Entrepreneurial Resourcefulness also related to the capability to innovate. Building sustainable relationships with key stakeholders – such as suppliers, distributors, and customers – is a cornerstone for business success. From an economic perspective, relationship building reduces marketing cost because loyalty customers repeat their purchase over time. Similarly, a good relationship with suppliers reduces procurement cost since suppliers often give trade discounts for their loyal customers. From the resource-based view, relational capital is considered as ties between various firms, allowing firms to facilitate resource exchange (Lave, 2006).

Strategic leadership is defined as the ability to improve long-term viability and maintain its short-term financial stability, without disrupting daily operations at the same time. It is concerned with stability and preservation of existing orders and yet advances the organizations to the next level (Rowe & Nejad, 2009). In other words, it is a combination of visionary leadership and strategic thinking.

The globalization of markets, the increase in the number of entities cooperating with one another, and the increase in the range of vertical and horizontal co-operation contribute to the search for appropriate technological solutions in the context of operating systems, which enable fast and efficient flow of information necessary to make informed decisions about various areas of economic activity (Czarniewski, 2015). Appropriately integrated systems support implementation of these activities in an enterprise or a group of cooperating enterprises. Currently, the main goal of
Entrepreneurial orientation and sustainable development

From an economic perspective, sustainable development is the kind of development which ensures that the future generations’ income per capita will not be lower than that of the current generation. From a sociological perspective, such development supports society by fostering close social ties. And from an ecological perspective sustainable development ensures the diversification of the biosphere, the basic ecosystems and ecological processes (Ciegls, Ramanauskiene & Martinkus, 2009).

Sustainable development means development which fulfills the needs of the current generation of people while at the same time respecting the needs of subsequent generations. Sustainable development also means such processes of development and bettering of living conditions which do not violate the natural environment of human beings (Gawel, 2012).

Sustainable development can additionally be regarded from different perspectives. It can be analysed at the macro level, as a feature of society, or at company level as a way of acting for a given company (Lasserre, 2007).

Proactiveness, which involves looking into the future and actively seeking market opportunities, seems to have a positive influence on any enactment of the idea of sustainable development based on either the demand or supply sides of the market. From the point of view of demand, in order to ensure that the income per capita of future generations will not be lower than that of the present generation and to ensure social equality, the purchasing power of future consumers must be maintained or even increased and the level of social exclusion must be reduced. From the point of view of supply, efforts to ensure continuous access to natural resources should have a favourable influence on companies’ access to factors of production. A proactive approach to a company’s operations in the context of sustainable development will make it possible to lower production costs through the economical use of natural resources (Gawel, 2012).

Implementing the concept of sustainable development necessitates changes in ways of thinking and operating, which in turn generates new market and social needs, additionally supported by government policies. Thus pursuing the concept of sustainability may become a trigger for changing a company’s operational strategy and encourage them to take advantage of those opportunities, which will allow proactive companies to find new areas for their activities.

Each company in context entrepreneurship should build its own set of values to not only meet the needs of selected customers, but also to stand out from the competition. This creates the conditions for positioning the company in the market.

Value for the customer is a unique combination of benefits acquired by buyers, including quality, price, convenience, punctual delivery and servicing in the period before and after the sale. The value perceived by the customer can be characterized as the difference between perceived benefits and perceived costs (sacrifice). Benefits perceived by the buyer typically include elements such as the physical attributes of a product, the service accompanying the product, purchase price, etc. In turn, the perceived costs include, among others, the cost of acquiring or ordering a product, and the risk of making a bad purchase (Czarniewski, 2014).

Strategies for the management of values for customers, with the aim of providing the best value for customers, are an important part of operations of enterprises. Investment in customers must be treated as a long-term expense.

Innovativeness, which involves introducing new products, services and technologies onto the market or entering new markets can be very helpful in the realization of sustainability, because sustainable development requires changes in production and consumption which will lead to a more rational use of natural resources while observing the principle of intergenerational equity. This means that sustainability requires innovation in the areas of production and consumption, and an innovative attitude by companies seems indispensable for sustainable development. Introducing innovation, while at the same time trying to make a rational use of natural resources, may lead to the lowering of companies’ production costs, which in turn will improve their profitability (Gawel, 2012).

The above mentioned relationships can be analysed through sustainable developmental opportunities, which means the opportunities that sustain the natural and communal and benefit the development of others. According to the research findings, entrepreneurs’ openness towards the discovery of sustainable development opportunities depends on their knowledge of natural and communal environments (Patzelt & Shepherd, 2011).

As research results show, companies are most strongly oriented towards sustainable development linked to business rather than to social and ecological stability (Wikstrom 2010). Consequently it can be assumed that entrepreneurial orientation can have a positive impact on implementing the concept of sustainable development if enacting pro-ecological and pro-social postulates brings measurable business profits to companies.
Conclusions

1. To a large extent, the success of a company is determined by the ability to respond effectively and quickly to the external environment is especially important in a fast changing business environment. The paper provides an interesting illustration of an agile enterprise which is both entrepreneurial minded and resourceful in competing for the in an increasingly dynamic environment.

2. The paper shows a new perspective to our current understanding of entrepreneurship thus far. The main focus of this paper was the entrepreneurial behavior in identifying changes arises from the external environment and implementing changes. It involves a series of changes in management, daily operations, marketing, and other business functions. As such, entrepreneurial qualities namely risk-taking behavior, innovativeness, and willingness to take new challenges become an essential part of leading the company forward.

3. Summing up this theoretical reflection, there can be a favourable relationship between entrepreneurial orientation and sustainability, although entrepreneurial orientation is rather the way a company acts while sustainability is rather a set of postulates and aims which can be implemented by a firm. This positive relationship between them can exist if the enactment of the postulates of sustainability can bring business advantages to companies and be incorporated into companies’ strategies.

4. Innovation helps an enterprise stand out, attracts customers and generates revenues and profits. Basing innovation of the management of value for the customer differs from the traditional approach, based on introducing new products on the market and hoping for success. Innovation, based on its close connection with the needs and expectations of customers, has a much lower risk of failure, as well as lower costs associated with launching the product on the market.

References:


