



New approaches to interpretation of entrepreneurship in context of modern development of the russian economy

Nuevos enfoques para la interpretación de la iniciativa empresarial en el contexto del desarrollo moderno de la economía rusa

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ABSTRACT:

The relevance of the study is determined by the growing demand for entrepreneurship, which is provided with the opportunities to find valuable solutions to the problems of a different nature and scale in the changing Russian economy. In these conditions, there is a need to develop the theoretical foundations of entrepreneurship, all the more so as in the theory of entrepreneurship there are numerous methodological problems that lead to misleading results. The article attempts to define the concept of "entrepreneurship" on the basis of the original synthesis of old and new theories and from the point of view of integrating objectives, functions, modern needs of entrepreneurship, society and the entire economy. The interpretation of the target function of entrepreneurship solely from the standpoint of personal monetary benefits is challenged. The paper clarifies the definition of entrepreneurship as a special risky, proactive type of activity aimed at creating new deviations from the equilibrium state of the economic system to ensure a

RESUMEN:

La relevancia del estudio está determinada por la creciente demanda de emprendimiento, que cuenta con oportunidades para encontrar soluciones valiosas a los problemas de diferente naturaleza y escala en la cambiante economía rusa. En estas condiciones, es necesario desarrollar los fundamentos teóricos de la iniciativa empresarial, sobre todo porque en la teoría del emprendimiento existen numerosos problemas metodológicos que conducen a resultados engañosos. El artículo intenta definir el concepto de "emprendimiento" sobre la base de la síntesis original de teorías antiguas y nuevas y desde el punto de vista de la integración de objetivos, funciones, necesidades modernas del emprendimiento, la sociedad y la economía en su conjunto. La interpretación de la función objetivo del emprendimiento únicamente desde el punto de vista de los beneficios monetarios personales es cuestionada. El documento aclara la definición de emprendimiento como un tipo especial de actividad arriesgada y proactiva dirigida a crear nuevas desviaciones del

higher level of satisfaction for all its participants.
Keywords: theory of entrepreneurship, innovative entrepreneurship, self-employment.

estado de equilibrio del sistema económico para asegurar un mayor nivel de satisfacción para todos sus participantes.

Palabras clave: teoría del emprendimiento, emprendimiento innovador, autoempleo

1. Introduction

The study of entrepreneurship, of course, is one of the most dynamically developing areas of socio-economic and managerial sciences in the last 20-25 years. This statement can be confirmed by the growth in the number of international conferences, the number of participants in these conferences, as well as the growing number of publications on entrepreneurship in leading international magazines (Chepurenko 2015).

The theory of entrepreneurship acquires special significance in modern conditions in connection with the need to search for the factors of stabilization of the Russian economy, which is currently experiencing serious stress. The changes that have arisen are clearly of a dualistic nature and are harmful to Russian entrepreneurship in the short term, but they are useful in the long term. It is in these turbulent conditions that there is a chance of liberation from the "resource curse" through the structural transformation of the Russian economy and the revival of the atrophied sectors. The solution of this task is possible with the participation of the economically active population of the country in the entrepreneurial activities as well. The lessons of Russian history testify to the fact that it is precisely the difficult economic circumstances that create the fundamental foundations for self-employment of the population and the development of entrepreneurship. Clearly, many of those who organized new enterprises in the 1990s were not entrepreneurs in a broad sense, but there were also those who created new jobs and generated a certain share of the gross product in the emerging market economy. It is obvious that even today the entrepreneurial creativity can contribute to stabilization of the labor market and is able to ensure the survival of the nation in tight economic conditions. It's not about believing in entrepreneurship as a driving force in the economy. The academic community have long realized that the effectiveness of the entrepreneurial activity in terms of innovation, job creation, economic and productivity growth is overestimated. Most new firms are not able to simply survive, and the economic growth for them is more the exception than the rule. So, Astebro explored the fate and fortunes of over 1000 Canadian innovators and found that 93% of them could not enter the market at all; 60% of those who reached the market lost their money; the average indicator of financial returns of "successful", i.e. survived enterprises accounted for 7% (Astebro 2003). At the same time, it is necessary to realize that in proportion to the weakening of the state sector in the Russian economy against the background of shrinking resource incomes, the level of participation in the entrepreneurial activity will skyrocket. Of course, in this case, we will observe a special kind of entrepreneurship, conditioned by necessity rather than opportunity, more often than in normal circumstances, coupled with fear of possible failures, and also more often carried out on the basis of social capital, as the economic and human capital of entrepreneurs is rather limited in these conditions.

Given the foregoing, there is a need to develop the research on the theory of entrepreneurship precisely in the context of the needs of the Russian economy, because today this area of knowledge in the domestic science remains marginal, which was repeatedly stressed by the experts (Chepurenko 2015).

The excursus into the history of economic thought on the problems of entrepreneurship is the fundamental basis for the deep development of the theory of entrepreneurship. Since the time when Richard Cantillon in the 18th century spoke for the first time about entrepreneurship as the individual third class of society, new conclusions and new practical recommendations emerged in economic science that cast doubt on the once obvious truths (Chepurenko 2012; Blaug 1994).

2. Objective and methods

The study is aimed at the specification of the definition of "entrepreneurship", taking into account the challenges of the Russian economic reality. The traditional methods of scientific analysis, including logical analysis, graphic modeling, etc. are used as the methodological basis for the studies conducted.

3. Results

The economic model focused on entrepreneurship is based on the works of J.B. Say, and J. Schumpeter. F.A. von Hayek, I. Kirzner, and P. Drucker are the key persons, who amongst others are most often mentioned in the quotes on entrepreneurship (Say 1896; Schumpeter 1936; Hayek von, 1999; Kirzner 1998; Drucker 1985).

These scientists and their followers have identified the main titles of an entrepreneur, his properties and characteristics, making it possible to classify or not to classify this or that activity as entrepreneurship:

- the economic uncertainty and unforeseen risk (R. Cantillon),
- the rational combination of factors of production and obtaining the normal entrepreneurial income (J.P. Say, A. Marshall),
- the continuous reproduction of new combinations of factors of production, the consequence of which constitutes the innovation (J. Schumpeter),
- disturbing the balance of the system (J. Schumpeter, F. Hayek, I. Kirzner),
- the interchangeability and interpenetration of entrepreneurship and management, social orientation of the entrepreneurial activity (P. Drucker).

The evolution of views on the economic nature of entrepreneurship is presented in Table 1.

Table 1
The evolution of views on the economic nature of entrepreneurship

Date	Author of definition	Content of entrepreneurship
1725	Richard Cantillon (1959)	An entrepreneur is a subject of market relations, able to predict, to take risks, to take responsibility for decisions in standard and risky situations. An entrepreneur is a person who "gives a certain price at the place of purchase to resell at an uncertain price."
1776	Adam Smith (2007)	An entrepreneur is guided by his own benefit. Pursuing his own interest, he serves the public interest best. Prudence is the main virtue.
1830	Jean-Baptiste Say (1896)	An entrepreneur promotes a rational combination of factors of production on the basis of transfer of resources to the sphere of higher productivity.
1912	Josef Schumpeter (1936)	The main thing in entrepreneurship is the implementation of new combinations, while the independence and the ownership are not the fundamental characteristics of entrepreneurship.
		Entrepreneurship is a concrete activity, practice, the content of which is the innovation in all spheres, including in management.

1964	Peter Drucker (1985)	Profit is not the main objective of entrepreneurship. It is more important is to ensure the continuity of the reproduction process, to meet the changing increasing demand of an individual consumer or the entire population.
1975	Israel Kirzner (1998)	Unlike other representatives of the Austrian school (F. Hayek and others), he methodologically did not distinguish entrepreneurship and competition. According to Kirzner, the entrepreneurial element is the vigilance of the individuals to potentially profitable opportunities. He considers entrepreneurship as arbitration or as an activity leading to equilibrium.

The evolution of the terminological and substantive essence of entrepreneurship, shown in Table 1, is related to the background of productive forces and socio-economic relations. At each stage of development of the market economy, entrepreneurs sought to implement their objectives and functions. Initially, entrepreneurship concerned mainly the sphere of exchange, because it was there that the initial accumulation of capital and the birth of a market economy took place. Then an entrepreneur from a simple intermediary turned into a factor of production, and entrepreneurship, as a process, received the following essential features: risk, initiative, innovation, freedom in decision-making, independence, and full economic responsibility.

A brief excursus into the history of economic doctrines confirms the existence of a fundamental foundation in the theory of entrepreneurship, the key categories of which are functions, properties, personal qualities and other characteristics.

4. Discussion

Nevertheless, until now there is no generally accepted definition of the category under study. This is largely due to the practice of entrepreneurship, changing over time, its penetration into new areas, such as social, institutional entrepreneurship, etc. Researchers of entrepreneurship also need to think about the changes. The domestic scientific papers enshrine stereotype approach to determination of the essence of entrepreneurship as an activity aimed at making a profit. Thus, for example, in his "Modern Economic Dictionary", B.A. Raizberg gives the following definition: "Entrepreneurship, business is initiative, independent activities of the citizens, individuals and legal entities, carried out on their own behalf, at their own risk, under their property responsibility, aimed at systematic generation of income, profit. Entrepreneurship also pursues the objective of increasing the image, the status of an entrepreneur (businessman)" (Raizberg 1998).

Unfortunately, a similar approach is enshrined in Russia by law. Thus, the legal definition of entrepreneurship as a type of activity is given in Ch. 1 Art. 2 of the Civil Code of the Russian Federation. This is an "independent activity of the persons, registered as such in the manner prescribed by law, carried out at their own risk aimed at the systematic generation of profits from the use of property, the sale of goods, the performance of works or the provision of services" (Civil Code of the Russian Federation, 2016).

However, the point of view of the existing law does not reflect the economic reality due to the organic combination of the economic and social objectives of modern entrepreneurship (the development of the social component). The objective function of a modern entrepreneur has a wider range of interests than it was a hundred years ago, including: maintaining a good will as well as the loyalty of the staff, establishing good relations with government structures, protecting the environment. How, then, to explain the actions of some Japanese entrepreneurs, who often sell seafood in the domestic Japanese market with a zero profit share? The zone of their interests includes the need to maintain the image of a large wholesale, stable participant in the commodity market, the preservation of large economic turnover, and ultimately the

economic security of the entire national economic system. A highly organized, socially responsible entrepreneur is well aware of the multiplication effects from any, even non-commercial actions at macro- and microlevels. In the countries of civilized and developed entrepreneurship, companies fully realize their social responsibility against the suppliers, buyers, shareholders, and the society. Often the culture of entrepreneurship and its basic philosophy influence its stability and efficiency much more than material resources, technologies and management (Latkin & Korneiko 2011).

Social entrepreneurship is a special type of entrepreneurial activity, which in the opinion of researchers has long existed as a phenomenon, despite its novelty in science (Dees, Emerson & Economy 2001). Even Schumpeter gives in his papers an indistinctly stated feeling that profitability is only a means of evaluation of the result, and not the main objective: "To produce means to combine the things and forces existing in our sphere ... To produce ... means to create other combinations of such things and forces" (Schumpeter 1936, p. 158). American non-profit organizations began to experiment with social enterprises as early as the 18th century, and they were actively used in the second half of the 20th century (Alter 2007).

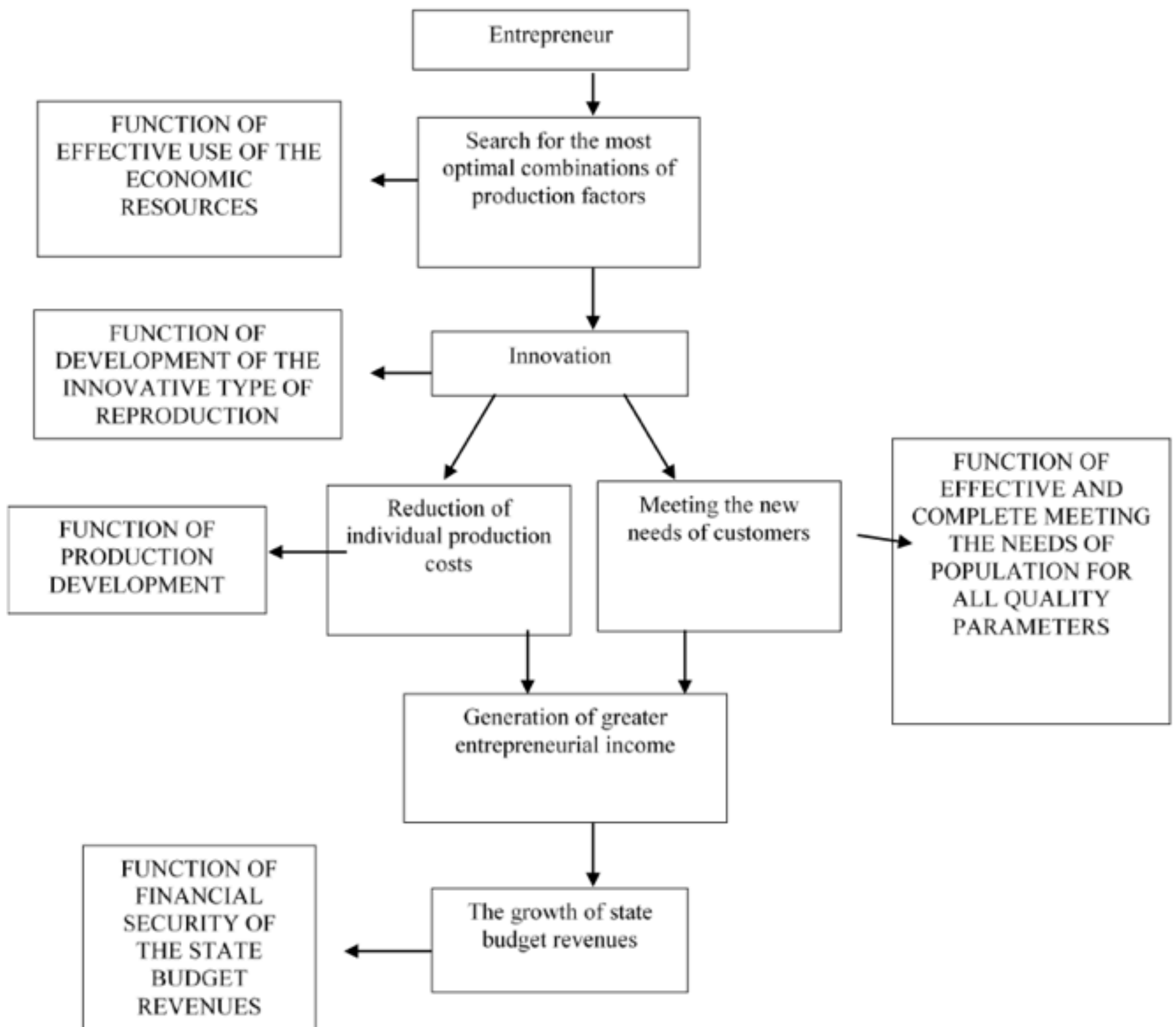
The associativity and interdependence of the objectives of all participants in the economic system: the state, entrepreneurs, and consumers, are clearly seen in the modern world. The destruction of traditional ties between them inevitably leads to a loss of sustainability of the functioning and sustainability of the development (or strategic stability) of the entrepreneurial structure. Therefore, an entrepreneur, oriented to the continuity of the reproductive process, the long-term nature of his activities, should take this into account (Figure 1). The strategic management of the enterprise is considered as the process of formation of consumer values and long-term behavior of buyers. Thus, the target function of an entrepreneur, taking into account social and public interests, is becoming more widespread and has practical significance. In fact, "an entrepreneur in free objective-setting transforms the objective world in accordance with the public due" (Vikulina, Votshel & Akhmedzhanova 2016, p. 23).

Moreover, the current state of the Russian economy only strengthens the requirements for entrepreneurship regarding its social responsibility. The state system of economic support for entrepreneurs through the system of preferential taxation and lending, budget subsidies, participation in the financing of scientific research, consulting services, orders, state guarantees, is possible only on the basis of the so-called "social contract", when the actions of entrepreneurial structures are dictated by national, public interests, and the profits are reinvested in production, social and environmental projects. Accordingly, in the new context, the essence of entrepreneurship should be considered in terms of combining personal profitability and social utility. The development of the social component and the realities of the modern economy require from an entrepreneur to take into account the interests of all participants in the economic system. The individual choice of an entrepreneur should be formed not only under the influence of rational personal interest, but also moral constraints, social obligations and expectations limiting the range of choice of the objectives and the means of their achievement as well. At the same time, the social component can be of interest to an entrepreneur as a means of improvement of the competitiveness, the number of product modifications (services), and the consumer confidence. Thus, the social orientation of entrepreneurs can be rational and profitable for all interested parties. The studies of the values of Russian entrepreneurs indicate the destruction of traditional Russian prejudices about entrepreneurs as dishonest, quirky, greedy businessmen, leading unsightly business practices, those who harm people, taking care of their own personal interests (Skolkovo Wealth Transformation Centre, 2015)

There is an opinion, unison to the above opinion, that the key property of any entrepreneurship is not the creation of profit, but the creation of a value able to satisfy best the constantly changing and growing needs of buyers (Schumpeter 1936; Drucker 1985; Moskovskaya 2011). The intellectual background of this approach returns us to Schumpeter's "Theory of Economic Development". The classics of the theory of entrepreneurship have repeatedly stressed the key

property of entrepreneurship – the search for innovations (Table 1). So, at the stage of organization of activities, an entrepreneur conducts innovative strategic marketing, and in the production process an entrepreneur uses technological, managerial and other innovations that allow reducing individual production costs. In conditions of acute competition, one can not count on success without constant perfection of one’s activities, without innovation and creative search. In spite of the fact that today few of the researchers consider entrepreneurship to be a source of inventions (Nightingale & Coad 2013) and only some of start-ups are innovative, the categories "entrepreneurship" and "innovation" represent a dialectical unity of the two sides of the activities of economic entities, since innovation is a practical embodiment of the entrepreneurial type of behavior, consisting in choosing the best option for using available resources, and thus promoting the development of engineering and technology, as well as the introduction of new methods of production. The innovations reproduced by entrepreneurs and the innovations demanded by the society make it possible to satisfy the constantly changing and growing needs of the buyer, to reduce the individual costs of production and thereby to extract a greater entrepreneurial income, which in turn facilitates the implementation of the function of financial security of the revenues of the state budgets (Figure 1).

Figure 1
Associativity of the participants in the economic system



This associativity also makes it possible to interpret the objectives of modern entrepreneurship not from the perspective of maximizing the profits, similar to the existing definitions, but from the point of view of combining the personal profit and the benefits of society.

Linking entrepreneurship and innovation, we first make an attempt at the theoretical level to influence the weak innovative development of the Russian economy, and secondly, we interpret the innovative entrepreneurship more broadly than usual. According to N.I. Ivanova, with all the diversity of types of innovation activity, the key element of the innovation process is the creation and use of new knowledge or technology. This understanding of the innovation process implies a whole range of institutional, organizational and managerial innovations (Ivanova 2016). In other words, not only high-tech, but also, for example, construction, agriculture, i.e. the industries with a high level of entrepreneurial participation, can be innovative. In some industries, the efficiency in the production of innovations is traditionally higher in the companies of an entrepreneurial type (for example, biotechnology, pharmaceuticals), even if the benefits from their innovation are usually captured by large non-entrepreneurial companies (Moskovskaya 2011; Rothwell & Zegweld 1982).

Russian entrepreneurs invest much less in the research and technology development than their competitors in developed and many developing countries (Vorozhbit & Korneyko 2016). That is why the needs of the Russian economy will not be met with the help of those who rush into the new business, losing their jobs. For them, entrepreneurship is an alternative to previous employment, and entrepreneurial income is a substitute for wages. In this case, it is self-employment. For the first time, the American economist Scott Shane drew attention to the inadmissibility of identifying entrepreneurship and self-employment (Shane 2009). Self-employment is a reproductive activity in which there is no place for innovative and creative thinking, innovation and initiative in creating innovations, in the development of innovative processes. This is the organization or narrow production, marketing, distribution or other activities within the framework of simple labor, proven technologies, and established management systems. An entrepreneur is engaged in intellectual and creative work, introducing technical, organizational, marketing and other innovations in his activity with the purpose of increasing/developing his own competitiveness. The desire to create something new and different from what is already available makes it possible to attribute the entrepreneurial structure to the developing systems, which are characterized by a dynamic, mobile balance. Self-employment does not give an impetus to growth and development of one's own business; therefore, its spread in Russia will not solve the problem of the innovative and investment backwardness of the Russian economy.

The economic content of entrepreneurship is determined in many ways by the specific personal characteristics of an entrepreneur, which allow combining the factors of production in a new way. First of all, this is a developed intellect, increased intuition, strategic thinking, the ability to generate one's own and perceive other people's ideas. An entrepreneur is emotional, ambitious, and prone to passions.

5. Conclusion

The quintessence of the results of the scientific study performed is expressed in the proposal to interpret "entrepreneurship" as a special risky, initiative activity aimed at creating new deviations from the equilibrium in order to ensure a higher level of satisfaction for all participants in the system.

This definition, firstly, reflects the essence of entrepreneurship as an economic reality; secondly, it takes into account the strategic character of modern entrepreneurship; thirdly, it shows its evolutionary influence on reproduction through the creation of higher-order equilibrium; fourthly, it establishes the associativity of the objectives of all participants in the economic system (entrepreneurs, consumers, and the state).

As already noted, in the market economy, modern entrepreneurship performs many important

functions, including: the function of efficient and full meeting the needs of the population for all qualitative parameters; the social function; the function of financial support of the state budget revenues; the function of optimal combination and integration of the production factors and thereby the most efficient use of the economic resources. However, its key function is the function of development of the innovative type of reproduction. Due to the desire of entrepreneurs to create new demands, new products, new technologies and other innovations, the Russian economy can move forward in resolving the task of restructuring and modernization.

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