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ENTREPRENEURSHIP DEVELOPMENT CONCEPT

Abstract. Based on a retrospective analysis, the article studies the evolution of the theory of entrepreneurship in economic science and systematizes theoretical knowledge about the concepts of entrepreneurship. In particular, it discloses the essence, content and economic nature of entrepreneurship. It was established that the modern development of the theory of entrepreneurship is characterized by a more specific level of analysis in contact with applied economics and management disciplines. The author's interpretation of the concept of "entrepreneurship" is shown and the main essential characteristics of entrepreneurship are identified. The classification of existing concepts of entrepreneurship is carried out from the positions of basic (the presence of organizational and economic innovation and economic freedom) and derivative characteristics (decision making in the face of uncertainty and risks, ownership of resources, leadership qualities). The resource-oriented and innovative models of entrepreneurial behavior are described and its differences are shown.

Key words: entrepreneurship, economic development, innovation.

Introduction. At the current stage of the economic development the necessity to sysemize the economic-theoretical knowledge on concepts of entrepreneurship activity grounded by two reasons increases. First, the entrepreneurship activity is a base of market economy establishment as without the entrepreneurship neither the market economy or society in whole cannot exist and develop properly. Second, the entrepreneurship activity has prerequisites necessary for qualitative changes in economic relations of the current economy system. Namely the last point became the reason for the present research.

A term "entrepreneur" and originated from it "entrepreneurship" have been established in Kazakhstan policy and practice long time ago. At first view the understanding of entrepreneurship essence does not require any clarifications and precisions. However, there is different interpretation of entrepreneurship essence, the term has various understanding. Quite often, the entrepreneurship is understood as a special type of activity related to profit taking. Sometimes the entrepreneurship is understood as any production activity under the market economy conditions. Different programs supporting the entrepreneurship focus mainly on the production scale and number of employees, therefore the entrepreneurship is regarded as small, rarely large and medium entrepreneurship.

But all these cases leave out of account that the entrepreneurship is not only a production activity, but the characteristics of the economy type focused on permanent renew, initiative, orientation on continuous search of something new. In this regard, it is necessary to investigate the evolution of entrepreneurship concept in the economic theory and its new forms.

Results and discussion. One of the first researchers of the entrepreneurship activity in the economic science is R. Cantillon [1]. In his work "Essay on the nature of trade" (1730) he says that an entrepreneur is a man who takes risks when he buys something for known price and sells for unknown. The entrepreneurs can be traders, craftsmen, landowners, capitalists using the labor of other people. The main role of the entrepreneur is to act and make decisions under risky and indefinite conditions. According to Cantillon the function of entrepreneur is not related directly to production or capital owning, it is related more to the economy development. Thus, Cantillon makes a distinction between a capitalist and an entrepreneur.

Despite that Adam Smith addressed to the work by Cantillon in his researches, the entrepreneurship issue remained in the background and has not been discussed by economists for many years.

Almost in 100 years the economic science raised the issue of entrepreneurship again. The entrepreneurship issue was addressed by Jean-Baptiste Say in his work "A Treatise on Political Economy"

(1803). According to Say the main function of the entrepreneur is arrangement of production and coordination of production factors: labor, land, capital. Such activity is connected with some risk. J.-B. Say writes the following: "Observing the different branches of industry we see that despite the objects these relate to, they all consist of three different operations. One studies movement and nature laws. This is a scientist. Another one creates useful products using his knowledge. This is agriculturist, manufacturer or trader…this is an entrepreneur, i.e. a person who at its own expense and risk, and for its own benefit tries to manufacture some products. Third one, finally, works by order of two first. This is an employee" [2].

The activity of an entrepreneur is closer to a manager, but different from capitalist. So, the functions of a capitalist and entrepreneur by Say are different. Jean Baptist Say also made a range of important notes on sales markets development. He noted that for entrepreneurs, independently on branches, the difficulties are related not with manufacture, but with selling, it is possible "to produce enough amounts of goods if reliable selling of it is found". He points on differences for the entrepreneurship development in big and small cities. At all his efficiency in underdeveloped city, even without competitors, an entrepreneur would sell less than in a big city even there were competitors. The reason is that the entrepreneur is surrounded by people who produce different goods. "This is the source of profits gained by cities inhabitants… A city surrounded by rich villages finds there a lot of rich buyers, and near a rich city the farm products become very valuable".

In the late XIX century, A. Marshall has made a "watershed" between the definitions "entrepreneur" and "manager". In his works he showed that both of them implement the functions of arrangement and management of production, but the entrepreneur contrary to the manager takes a risk and responsibility for business results.

In 1911, Joseph Schumpeter in his work "The Theory of Economic Development" determined the entrepreneurs as people implementing the function of transformation and reconstruction of the production system. J. Schumpeter connected the functions of an entrepreneur with innovations or with implementation of new combinations leading to appearance of innovations. Amongthesecombinationsare:

– Creation of welfare or new quality of products (product innovations) unknown earlier for consumers;

– Adoption of a new method or way of production (process innovations);

– Development of a new market at which the products of the branch has not been presented yet (marketing innovations);

– Opening of a new source of raw materials independently on its existence or accessibility (technological and organizational innovations);

– Changes in production arrangement (organizational innovations) [3].

The significant contribution to further development of entrepreneurship theory in XX century was made by F. Von Hayek, A. Shapiro, R. Hisrich, D. MacCleland and other researchers who described psychological, managerial and resource aspects of enterprenuership.

In view of Shapiro A. an entrepreneur is "individual able to act basing on previously gained experience and estimation of current capabilities, ready to establish an enterprise when he sees an opportunity and can supply himself with all necessary resources including financial" [4]. At the same time, R. Hisrich assumes that an entrepreneur is only the one who shows initiative and has creative thinking favoring the arrangement of social and economic mechanisms of practical application of production resources and ready to take risk and incur losses [5].

Thus, generalizing the definitions stated above it is possible to formulate the most complete definition of the term "enterprenuership". Entrepreneurship is a form of market economy arrangement on production and selling of goods and services to satisfy real demand of buyers to gain and appropriate the profit at his own peril and risk.

In the history of humanity the first entrepreneurs were craftsmen and free peasants aimed at overall satisfaction of themselves and their household with necessary welfare or integrity of consumer costs by division of labor and further cooperation through market exchange. In comparison with contemporary entrepreneurs, their level of motivation and determination on gaining profit and excess profit was much lower.

Along with this, already that time the market laws of entrepreunership were established. The small manufacturers met at the market with the same ones on their craft specialization and started the intensive

competition where a winner was that who was able to guess the consumer demand and was the first to apply new methods of manufacture and decrease the cost of goods and stay afloat by reaching high economic effectiveness. In this regard, A. Smith wrote that aspiration of some people to achieve its private interests by market competition favors the gradual development of social development, and "natural selection" by the competition leads the economy to economic effectiveness. By other words, the entrepreneurs whose business is economically ineffective will look for other fields where they could apply their intentions until the economic effectiveness of the manufacture is achieved.

Under the contemporary market economy the commodity production is unified unchallenged form of production where the law of value became an uncontrolled regulator of the whole social and economic system[6]. The entrepreneurship becomes a basis of establishment and inherent element of canonically functioning market economy, and without the enterpreunership neither the market economy or society cannot exist and develop properly. In addition, the entrepreneurship activity has necessary prerequisites for qualitative change in economic relations of the contemporary economy system. These reasons make topical the necessity to systematize the theoretical knowledge on entrepreneurship concepts.

The concept of entrepreneurship is a cognition method and an integrity of ideas and statements that form a base of entrepreneurship and entrepreneurship function, and its change in the process of economic system evolution. The existing concepts of entrepreneurship can be divided into two groups: concepts that use functional approach, and concepts that based on interdisciplinary approach.

According to the first group of concepts, the entrepreneurship is considered in the context of economu functioning regularities, i.e. the attention is focused on the functional role of the entrepreneurship in the economy. This group of concepts includes the following:

1. The concept in which the functions of entrepreneurship infer the risk weight or uncertainty (A. Smith, R. Cantillon, J. Thunen, F. Knight).
2. The concept in which the entrepreneurship is considered as one of four base economic resources along with labor, land, and capital. The investigations by J.-B. Say in which the main function of entrepreneurship is the function of production factors coordination are based on this concept.
3. The innovation concept represents the entrepreneurship activity as a function of innovation, function on adopting new combinations of resources implemented to create new material welfare, introduction of new production ways, new arrangement of business, creation of new market opportunities for economy practice goals. The base of this concept is represented by works of J. Schumpeter. This approach was also followed by P. Drucker who admitted the innovation activity as base of the entrepreneurship and stated that the right of ownership of enterprise is not an essential sign of the entrepreneurship as entrepreneurship is possible also without capital possession (for instance, using loan funds) [7].

Along with this, the contemporary researches of this concept condiser the innovations as a method to receive the excess profit (excess surplus value). However, it should be noted that the excess profit is not received by entrepreneurs constantly, but temporarily, until the labor efficiency at their enterprises exceeds the average level of labor efficiency in society. When one of the competing enterprises gets any productive, organizational innovations, it will receive higher profit comparing to those enterprises that do not have such innovations. At the same time, these enterprises, to increase its income and competitive abilities, will actively strive to apply the same innovations and technologies. In this case, the effect for the economy will be in increase of labor efficiency in the whole societal production [8]. By other words, under the market economy conditions, the pursuit of excess profit acts as an engine of scientific and technical progress. However, this regularity is not always applicable. The exception is securing of patents on discovery by individual entrepreneurs that delays its distribution and retard.

4. The concept of new Austrian school according to which the enterprenuership activity is a necessary condition of its effective functioning in market economy. If neoclassical theory considers the market in terms of balance, and an entrepreneur as a secondary figure, the economists of new Austrian school suggest to consider the market as continuous process of entrepreneurship decisions implementation, and move an entrepreneur to the role of the main figure of market processes (I. Kirzner, F. Hayek, L. Mises, M. Rothbard and other).

The contemporary development of the entrepreneurship theory is noted by more concrete level of analysis with elements of applied economy and management disciplines. This part of theory is represented

by concepts based on interdisciplinary approach. These concepts are represented by the theory of entrepreneur elaborated by German historical school, and institutional concepts.

1. The concept of the theory of entrepreneur represented by German historical school considers the entrepreneurship as a special type of economic behavior of person having definite value orientations, specific motivation and social role. The essence of the concept is in adding of the economic model of entrepreneurship with psychological factors that allow improving the organizational structure of production, ensure effective interaction of large and small business, elaborate forms and methods of competitive struggle.

2. The institutional concepts of entrepreneurship consider the entrepreneurship activity in interaction with its management aspects. The standards forming the institute of entrepreneurship include the traditions of economy activity arrangement, formal regulators in the form of regulations of labor day organization, agreements, legislation etc. This concept investigates the dependence of entrepreneurship on social institutes (first of all, governmental) as the entrepreneurship activity corresponding to a concrete market assumes definite institutional conditions having historical and genetic nature. The founders of this concept are A. Gibb, J. Johnson, R. Brooksbank, E. Nelson, J. Storey, A. Aslund and other).

Examination of the most important concepts of the entrepreneurship theory allowed formulating thee following essential characteristics of an enterprenuer:

1) The base characteristics of the entrepreneurship include availability of organizational and economy innovations and economic freedom.The innovation component of the entrepreneurship is in combination of production factors in a new way, in other words, to achieve the growth in goods and services production the enterprises newly create or change its organizational structures. Such changes are: creation of a new enterprise or its re-organization; application of a new technology or its update; opening of new sales markets and raw material sources, etc.

2) The derivative characteristics of the entrepreneurship that include making decisions under conditions of uncertainty and risks, resources possessing, leader qualities and other. Along with this, these characteristics are the result of the enterpreunership base characteristics actions.

Conclusion. The examination of the main concepts of the entrepreneurship theory allows making a conclusion on forming the base of theoretical grounds allowing revealing economic essence and content of entrepreneurship. The economic nature of the entrepreneurship can be specified using such its signs as initiative, commercial risk and responsibility, combination of production factors, innovations, voluntary nature of actions, etc.

The ways and approaches to cognition of entrepreneurship foundations and its functions changed in the process of the economic system evolution; in the economic science these are called the concepts of entrepreneurship. The entrepreneurship concepts theory had been establishing in the following trends:

- Examination of the entrepreneurship in terms of risk that cannot be revealed or calculated in advance;
- Highlighting the main function of entrepreneurship expressed in ability to combine successfully the production factors to gain the enterprenuership profit;
- Determination of the entrepreneurship as a source of new combinations implementation in the production process;
- Separation of the subject-material and organizational and creative initiatives in the enterprenuership activity.

The stated above trends of the entrepreneurship theory concepts development allow highlighting two models of the enterprenuership behavior: resource oriented and innovative. Under the first model, an entrepreneur makes business basing on his own resources and prefers those means for achieving a goal that ensure the largest efficiency from resources application, and under the innovation model an enterprenuer prefers the innovation methods of production development and attracts the outside sources of financing. In other words, the distinct feature of the second model is its focus on opportunities, not on available resources.

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КӘСІПКЕРЛІК ТЕОРИЯСЫНЫҢ ДАМУ ТҰЖЫРЫМДАМАСЫ

Аннотация. Мақалада ретроспективті талдау негізінде экономика ғылымындағы кәсіпкерлік теориясының эволюциясы зерттеліп, кәсіпкерлік тұжырымдамалары туралы теоретикалық білімдер жүйеленген. Жеке алғанда, кәсіпкерліктің мәні, мазмұны және экономикалық табиғаты ашылып көрсетілген. Кәсіпкерлік теориясының заманауи дамуы қолданбалы экономика мен басқару пәндерімен жанасатын талдаудың анағұрлым нақты деңгейімен ерекшелетіндігі анықталған. «Кәсіпкерлік» түсінігінің авторлық анықтамасы қалыптастырылып, кәсіпкерліктің мәндік сипаттамалары айқындалған. Кәсіпкерліктің қолданыстағы тұжырымдамалары базалық (ұйымдық-шаруашылық жаңашылдық және экономикалық бостандықтың болуы) және туынды (белгісіздік және тәуекелдер шарттарындарында шешімдер қабылдау, ресурстарды иемдену, жетекшілік қасиеттер) сипаттамалары тұрғысынан сыныптамаланған. Кәсіпкерлік мінез-құлықтың ресурсқа негізделген үлгісі мен инновациялық үлгісі бөліп көрсетіліп, олардың айырмашылықтары көрсетілген.

Түйін сөздер: кәсіпкерлік, экономикалық даму, инновациялар.

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КОНЦЕПЦИЯРАЗВИТИЯ ТЕОРИИ ПРЕДПРИНИМАТЕЛЬСТВА

Аннотация. В статье на основе ретроспективного анализа исследована эволюция теории предпринимательства в экономической науке и систематизированы теоретические знания о концепциях предпринимательства. В частности, раскрыты сущность, содержание и экономическая природа предпринимательства. Установлено, что современное развитие теории предпринимательства отличается более конкретным уровнем анализа, соприкасающимся с прикладной экономикой и управленческими дисциплинами. Сформулирована авторская трактовка понятия «предпринимательство» и выявлены основные сущностные характеристики предпринимательства.Проведена классификация существующих концепций предпринимательства с позиций базовых (наличие организационно-хозяйственного новаторства и экономической свободы) и производных характеристик (принятие решений в условиях неопределенности и рисков, владение ресурсами, лидерские качества).Выделены ресурсно-ориентированные и инновационные модели предпринимательского поведения и показаны их различия.

Ключевые слова: предпринимательство, экономическое развитие, инновации.

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