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ANALYSIS OF SOME MODELS OF ENTREPRENEURSHIP FORMATION

The object of research is the process of entrepreneurship formation. The work considered some theoretical foundations of this process, the functioning of entrepreneurship itself as a systemic global phenomenon and as a type of activity. The research methodology is based on theoretical and methodological analysis of scientific literature, comparison of various theories of entrepreneurship and observations of the activities of various entrepreneurs. Description, analysis and modeling, and a combinatorial-logical approach are also applied to building formal models of the functioning of entrepreneurship as a systemic global phenomenon and as a separate type of activity. The results of this study show that entrepreneurship is a systemic global phenomenon characterized by a combination of productive forces and industrial relations, the task of which is to achieve a specific goal, and in turn, entrepreneurship is also a type of activity. In its activities, entrepreneurship depends on the influence of factors and preferences that it has. Various factors, in their specific situation, create boundaries beyond which the development of entrepreneurship should not go, but at the same time preferences create separate advantages, benefits or other benefits that arise in comparison with other factors. If in the process of entrepreneurial activity all factors and preferences are equally valid, then the enterprise develops harmoniously. But, if one of the factors gains more strength, while others lose it, a monopoly arises, which leads to the development of entrepreneurship in the direction of a political, institutional, social or economic direction. In the competition of factors and preferences, the law of force constantly works, according to which one of the factors or preferences always has the greatest influence, while reducing the influence of others. The practical significance of the research lies in the fact that its results can be used as a reference material for entrepreneurship researchers or entrepreneurs themselves to assess their own situation and prospects.

Keywords: entrepreneurship theory, entrepreneurship formation, continuous global phenomenon, type of activity, law of force, preferences.

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1. Introduction

Today, entrepreneurship is the driving force of the economy, and the entrepreneur is its key figure [1, 2]. Although in world practice, entrepreneurship as an economic category was introduced around 1720, and there are already more than 80 theories of entrepreneurship [3]. Scientists have not yet come to a unified definition of this concept [4] but have not reached unanimity in their views on the very process of the formation of entrepreneurship. Characterization of some of the theoretical foundations of this process and a description of the functioning of entrepreneurship itself as a systemic global phenomenon and as a type of activity will make it possible to generalize some theoretical statements. Therefore, *the object of research* is the process of formation of entrepreneurship, and *the aim* is to reveal some of the theoretical foundations of the entrepreneurship formation.

2. Methods of research

To achieve this aim, an analysis of scientific publications on the theory of entrepreneurship and economics was used in terms of the characteristics of entrepreneurship

theories and the grouping of such theories according to common characteristics. And characterization of theories of entrepreneurship made it possible to define two approaches to entrepreneurship – as a global phenomenon and as a separate type of activity. Also, in the research process, induction was used – to characterize entrepreneurship as a global phenomenon and deduction – in terms of defining entrepreneurship as a type of activity and the influence of factors and preferences on entrepreneurship.

Among the main dialectical methods of cognition, the description was also used in terms of highlighting the preferences and factors affecting the development of entrepreneurship and comparison – to characterize the action of factors and preferences.

3. Research results and discussion

All theories of entrepreneurship for the most part boil down to the fact that the main reason for the emergence of entrepreneurship itself is the desire of a business entity to achieve a specific goal known only to it. For each individual business entity engaged in entrepreneurial activity, the main goal, or goals to which it goes, may be different. In turn, the goals of one entrepreneur may differ from the goals that an

entrepreneur who is engaged in a number of the same activities strives to achieve. Such goals can be the achievement of profit, and enrichment, and the conquest of a niche in the market, and the increase in household goods, and self-expression or self-realization, or competition between partners, acquaintances, relatives, etc., that is, entrepreneurship functions to obtain various preferences. And besides this, it is entrepreneurship that can act as a systemic global phenomenon and as a type of activity.

As a global phenomenon, entrepreneurship arises and functions in an economy, the main features of which are production, consumption, exchange and distribution, and the main principles are private property, freedom of entrepreneurship, personal interest, competition, restrictions on the role of the state, etc. [5–7]. But along with this, if to take the definition literally, and characterize the economy as the science of economics, household and property management, then it also arose thanks to entrepreneurship, as part of the activity management system. The first «entrepreneurs» who began to consciously engage in some kind of activity to satisfy their needs worked in accordance with the rules and relevant laws. Later, these rules and laws were described and systematized, forming the economy. That is, for the management of entrepreneurial activity, a system would be needed that explained why this happened, and to some extent could predict the further course of events. From this point of view, the first and foremost was entrepreneurship as an activity related to the economy, home and property management (although it was not yet called the economy). Later, having formed a clear system of rules and laws, the economy outgrew entrepreneurship and became the main system. In this system, entrepreneurship already acts as a subject, along with the state and households, delegating its main entrepreneurial functions (cognitive, practical), features (consumption, distribution, production) and principles (private property, freedom of choice, personal interest) to the economy. At the same time, both the economy and entrepreneurship can't function separately from each other. Entrepreneurship, as a systemic global phenomenon, manifests itself in households, and in the activities and functioning of the state. A state or a household can be distinguished into separate types of entrepreneurial activity, only with different ultimate goals and capabilities.

In addition, entrepreneurship, as a global phenomenon, exists in every political system, as a separate component of the economy, but every political system can also act as entrepreneurship. Such entrepreneurship (political) has a separate, specific form, and operates according to its own laws. That is, the main goal of the political system, as well as in entrepreneurship, is to achieve a specific goal.

The most successful form of political power, in which the whole essence of entrepreneurship is manifested, is capitalism, followed by democracy. Socialism and monarchy show less of the essence of entrepreneurship.

So, entrepreneurship as a systemic global phenomenon is characterized by a combination of productive forces and production relations, the purpose of which is to achieve a specific goal. According to entrepreneurial structures, the state, the church, and political associations, and entrepreneurs themselves, firms or individual entrepreneurs can act here.

As a type of activity, entrepreneurship functions by building an economic self-regulating system. Such a system arises as a result of the prompt response of entrepreneurship to changes. Changes affecting entrepreneurship may not only

be in the economy. They arise in global (world) processes, innovations, technical processes, institutions, or even in the manifestation of weather phenomena that are essential in the process of entrepreneurship. In other words, entrepreneurship is an appropriate response to a situation that has arisen. That is, a combination of resources at our disposal – human capital, physical capital, money capital, experience (intellectual capital), land, innovation, institutions and institutions, etc. according to the situation that is taking shape. Such a theory of resource combination was described by the authors of works [8, 9]. But, if such a combination does not arise, then entrepreneurship can't begin to develop, respectively, and the economy also does not develop. When in the process of activity in entrepreneurship in combination of resources for sustainable development one of their types will be absent, then it is possible to replace it with another. This, in turn, creates a redistribution of resources and a re-orientation of the activities of such entrepreneurial structures.

But the main and decisive thing in business is the end result. All entrepreneurial activity is aimed at achieving the final result, or some preferences. Such preferences in entrepreneurship can be different and depend on the motives for starting a business and the availability of resources to achieve the goal.

Always in its activities, the goals of entrepreneurship are harmonized with the costs of achieving them, and are fixed at what level. If the results obtained exceed the expected level of preferences and the goals that had to be achieved, then such entrepreneurship becomes dominant in one of the indicators and can subsequently develop as political, social, innovative, economic, institutional, etc. Such transformations are described by the author of the works [10–12].

In entrepreneurial activity, the result obtained is always compared with the effort expended. If the amount of effort is equal to the size of the result obtained, or when the resulting ratio of expenses and income satisfies the entrepreneur, then entrepreneurship will develop in this direction. And if on the contrary – the costs are large and the result does not satisfy, then entrepreneurship, or begins to work in another type of activity, or even ceases to exist as an activity.

Accordingly, to the pooling of resources and motives of entrepreneurial activity, describe three models of its development.

1. There is a combination of various motives and resources that stimulate the economy to create various benefits (legislative stimulation of the development of some business, institutional preferences or the creation of new institutions that stimulate the development of entrepreneurship).

2. The emergence of obstacles that entrepreneurship will need to bypass for the further development of its business, as a result of which a new type of entrepreneurial activity may be created, or production may be redesigned for a different type of product or service.

3. In the process of entrepreneurial activity, an entrepreneur occupies a niche in the market that has not yet been occupied by anyone. Entrepreneurship starts working there and developing this market. Such development occurs until the moment when the influence of economic, political or institutional factors becomes significant.

The directions of entrepreneurship development depend on their own interests and the degree of influence of external factors. Various factors, in their specific situation, create boundaries that the development of entrepreneurship should not go beyond. If the development of entrepreneurship

is always within these limits, then it is possible to talk about harmonious development for a specific situation. There are also times when development is inharmonious. When entrepreneurship plans to increase profits, or to occupy a new niche in the market, or to receive a number of benefits for the implementation of social projects, or to receive support for their own interests in the political sphere, that is, to receive some certain benefits. Then the influence of one of the factors is more pronounced, and the influence of others is leveled. In this case, it will develop in the direction that will be projected by the relevant influencing forces – economic, social, political or some other. All the benefits that entrepreneurship plans to receive can be called «preferences», that is, advantages, benefits or other benefits that arise in comparison with other factors. All business activity under the influence of preferences is a constant dynamic development. If in the process of such activity all forces (preferences) are the same, then the enterprise develops harmoniously and its development is at the point of equality (Fig. 1).

Such equality of factors and preferences (political, social, economic and institutional) is very rarely achieved. Factors that can influence the development of entrepreneurship will always compete with the preferences that entrepreneurship plans to receive. In the course of the entire cycle of the functioning of entrepreneurship, influencing factors may arise not only from the external environment, but also from entrepreneurship itself.

In addition to this, the preferences that entrepreneurship wants to achieve are also decisive. They can create relevant factors that will influence its development. So, if the task of entrepreneurship is to get an increase in income by conquering a new niche in the market, then it will develop in the direction of economic development with the achievement of economic preferences. If one of the factors comes into force, and others lose it, a monopoly arises, leading to the emergence of political or social, or economic entrepreneurship.

This constant process of struggle between factors and preferences can be described through the «Law of Power». It all comes down to the fact that all the activities of entrepreneurship and its development takes place under the influence of the force of a specific factor or preference, which is in the priority of its development. Such an impact of force can be caused by the enterprise itself (in order to achieve the set goal), and to act from the outside due to some situation that has developed.

The law of force works according to the system of self-exclusion, when one of the factors or preferences constantly prevails. There can be no two simultaneously prevailing preferences or factors. Constantly one factor, when it begins to acquire the greatest strength, develops into a separate preference and begins to work in its favor.

Entrepreneurship develops harmoniously, which is influenced by factors and preferences that constantly replace each other, and for a long time none of them has an advantage. During harmonious development, entrepreneurship receives a wide income from various preferences – economic, social, political or institutional. But, if only some

preference increases its power of influence, there is an increase in its income, respectively, monopolization occurs. Such monopolization is possible not only in the economic environment (monopoly of products or types of services, market monopolization, etc.), but it can be observed in the expression:

- political (form of government – dictatorship, monarchy, etc.);
- social (monopoly of a certain type of social capital, monopoly of certain social services, monopoly of the gender indicator, etc.);
- institutional (monopoly of a separate institution, etc.).

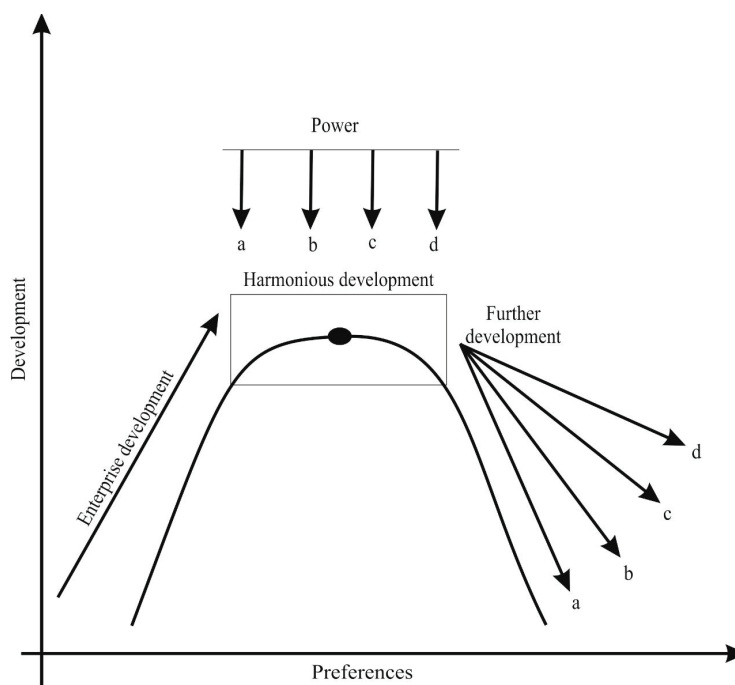


Fig. 1. Influence of factors on the entrepreneurship development: *a* – strength (factors) of economic development; *b* – strength (factors) of political development; *c* – strength (factors) of social development; *d* – strength (factors) of institutional development

Modern history gives a large number of examples when the development of entrepreneurship or its dominance led to the emergence of monopolies. In such cases, some interests prevail over others and the development of the economy and society stops, and entrepreneurship works only to satisfy certain needs. Then, in turn, various institutions begin to develop that manage the development of entrepreneurship within the limits that are taking shape.

4. Conclusions

The study reflects two different approaches to models of entrepreneurship formation. Entrepreneurship can manifest itself as a systemic global phenomenon and as a type of activity. All entrepreneurial activity is aimed at the end result, and its size and methods of achievement depend on a combination of factors and preferences that affect entrepreneurship in a particular situation. The strength of the influence of factors and preferences is always different, and one of them can always prevail over others, which reduce the influence of others and form the vector of development of entrepreneurship itself.

The research results will be useful in researching the theory of entrepreneurship. Characterization of entrepreneurship at the activity level will be useful for entrepreneurs themselves when assessing their own situation and future prospects.

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