
ECONOMICS

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**ENTREPRENEURSHIP –
MICROECONOMIC DETERMINANT
OF THE COMPETITIVENESS OF
ENTITIES**

ABSTRACT. The pro – entrepreneurial activity potential understood as one of the most important determinates of the competitiveness of economical agents have been analyzed in this study. The analysis was carried out, based on the group of full time students in selected central – eastern countries of Europe, presenting the results of an international survey of entrepreneurship (SES 2006).

JEL Classification: Q1, M13 **Keywords:** Economic Development, Entrepreneurship

Introduction

Analysis of the pro – entrepreneurial activity potential of full time student coming from selected central – eastern Europe countries considered as a significant determinate of the subjects' competitiveness, was the main target of the herewith study. Sources used in the analysis consist of existing theoretical materials included in the literature concerning the discussed subject. The international survey of entrepreneurship carried out among full time students in 2006 (SES 2006) was the main source of an empirical data.

Entrepreneurship versa the competitiveness of subjects

The competitiveness of subjects (economies, markets, enterprises, regions) can be considered as a composition of the following items: potential of competitiveness, competitive advantages, tools of competitiveness and competitive position (Rybak 2003, p. 11)

The competitiveness of subjects is formed by the system of material and nonmaterial sources that enable to reach some competitive advantages. Those resources exists in the particular areas of the enterprise's activity, which means in functional – reserve fields: information, B+R, production, quality management, logistics, distribution, marketing, finances, employment, organization and management as well as unseen resources (Godziszewski, 1999, p. 77-124).

Key competences or distinctive abilities are the sources of the complete advantages. They constitute the knowledge, cumulated in a form of abilities that can be used in a creative way for the purposes of the whole organization. In other words, it is an ability to convert resources into actions. Material and nonmaterial resources (Kunasz, 2006, p. 33-48) as well as the key competences, formed based on them, influence competitive advantages on the market, which means everything that distinct the companies' products or the company itself in the

customers' point of view. (Prahalad, Hamel, 1990, p. 81-84); (Stalk, Evans, Shulman, 1992, p. 62-63).

Tools of competitiveness, in turn, are the tools dedicated to gain contracting parties (clients and suppliers) under conditions accepted by the enterprise and aiming at long-term targets.

The elements of subject's competitiveness structure, mentioned so far, form its ability to compete. The result of competitiveness, meaning the competitive position, is the last item in the chain of competitiveness. It reflects a place on the scale of benefits the enterprise gives to its clients in comparison with competitors (Stankiewicz, 2000).

Lately the organization management processes have become complicated due to the considerable variability of conditions of its activity as well as rising competitiveness. Entrepreneurship is the enterprise's driving force. It strengthens its position on the market and influences increase of profits. Creativity, innovative and readiness to take risk constitute its essence. Entrepreneurship considered as taking up business activity and its effective implementation under the conditions of risk and competitiveness, constitutes inherent feature of societies.

According to the resource theory, nonmaterial elements of the organization consist of the following: assets and abilities. They are a kind of resource which are used by companies to form so called key competences or distinctive abilities. Assets are static and represent abilities. On the other hand, abilities constitute streams that are under dynamic changes in time and signify the ability to make a use of resources that arises due to the transferred and developed knowledge by the human capital at the company. They decide on the level of making the use of available resources, due to which they can become the source of potential competitive advantages. In such context they can be considered abstractly as interim assets created by the company in order to manage the resources more effectively. (Sitek, 1997, p. 758); (Głuszek, 2001, p. 86); (Szymura-Tyc, 2002, p. 7-8). Such approach coincides with understanding of the manufacturing factor of entrepreneurship (innovation, technology) considered as the knowledge of the method of joining resources and the organization skills with the production management process productively (Kamerschen, McKenzie, Nardinelli, 1999, p. 6).

Due to the analysis of entrepreneurship and innovation the following result was achieved: the entrepreneurship can be considered as a feature that decides on the current functioning of both the enterprise and the human being. Also, what is more important, entrepreneurship indicates the development driver of a subject that is its functioning in the future. Diversion into different development level requires generation of an additional value. It can be achieved solely by development of an entrepreneurship.

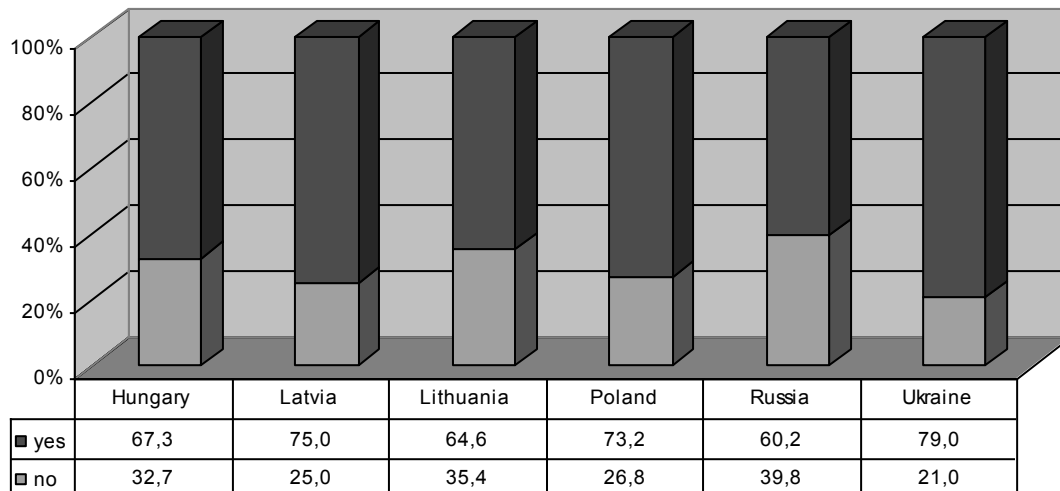
In such context entrepreneurship constitutes, from the micro economical point of view, one of the most important nonmaterial resources, based on which the decisive subjects can build their competitive advantages. In this context it seems to be essential to carry out literature and empirical researches that shall reveal such relationships as well as enable to systematize the knowledge of multidimensional and heterogeneous category of entrepreneurship (Kraśnicka, 2002, p. 187-200), (Kunasz, 2008a, p. 65-70).

The survey research presented hereinafter in the study becomes a part of that context. Full time students formed the statistical population subject of research. Researches were carried out in six countries (spatial range): Lithuania, Latvia, Poland, Russia Ukraine and Hungary. The time of the survey research covered the period May – November 2006. The method of partial researches was applied, essential data was collected by the survey form distributed among units qualified to the sample. The selection of units was random (the minimal sample size amounted to 594 students in each country). From 600 (Russia) to 603 (Poland) surveys were the final results.

Attributes of an entrepreneur

At the beginning the respondents were asked to ascribe themselves to the group of either entrepreneur or non-entrepreneur. Chart 1 presents results achieved in individual countries among groups of students.

Chart 1. Question: Do you think that you are enterprise behave like? (entrepreneurial?)



SSI=81,3

Source: own compilation based on the results of research.

Achieved results revealed that most of the students saw some potential of entrepreneurship in themselves. On average 70% of respondents made an appropriate choice (in order to determine an average value of the structure coefficients for the researched group of students their median was calculated). The data analysis of separate groups indicates that the highest percentage of “yes” option choices was in the group of Ukrainian students (79 % of cases), however the lowest – in the group of Russian students (60,2 %).

The respondents, while making their choices, were driven by comparison of their personal features and – in their point of view – the set of features describing an entrepreneur. So which features constitute a model of such person? 10, the most often mentioned in this context in the literature of the subject, options appeared in the survey questionnaire.

The set of results, elaborated based on the declaration of respondents, are presented in the table below. Different rankings were prepared for each country that took part in the research. Table 1 presents results of each option in the adequate ranking, the percentages of choices are in brackets.

Analysis of data included in table 1 provides the possibility to arrange the following order (from the least to the most important), according to the criteria, of an average position in the ranking and the structure coefficients median (dominate criteria) of given characteristics of an entrepreneur

- creativity and idea generation (average position in the ranking 2,5, structure coefficients median 19,7 %, 1 place in the hierarchy among Hungarian, Latvian, Lithuanian and Russian students),
- communicativeness (average position in the ranking 2,7, structure coefficients median 13,6 %, 1 place in the hierarchy among Ukrainian students and 2 in the raking formed for the group of Hungarian, Latvian and Lithuanian students),

Table 1. Question: In your opinion, which characteristics could be ascribed to an entrepreneur?

Options	Hungary	Latvia	Lithuania	Poland	Russia	Ukraine
the readiness to bear responsibility	3 (13,9)	8 (6,9)	8 (4,2)	8 (7,4)	8 (7,9)	3 (13,7)
willingness to search for new solutions	6 (9,7)	6 (9,6)	4 (12,0)	2 (14,8)	7 (8,1)	4 (11,8)
ability to forecast, measure business risk	4 (12,7)	5 (10,7)	6 (10,1)	1 (19,1)	2 (13,6)	1 (15,7)
first-hand experience in education	10 (1,1)	9 (4,1)	10 (2,9)	10 (3,5)	9 (1,5)	9 (4,3)
hard-working	7 (5,5)	3 (11,8)	3 (13,5)	6 (8,3)	3 (12,8)	8 (5,6)
intuition	9 (3,1)	7 (8,5)	5 (11,2)	9 (4,8)	5 (12,1)	6 (9,8)
conscientiousness, accuracy, care	7 (5,5)	10 (3,7)	9 (3,0)	7 (8,0)	10 (1,1)	10 (3,4)
creativity and idea generation	1 (20,2)	1 (20,6)	1 (19,5)	4 (12,3)	1 (20,0)	7 (9,4)
adaptation to changing conditions	5 (9,8)	4 (11,0)	7 (9,4)	3 (12,8)	6 (10,4)	5 (10,5)
communicativeness	2 (18,5)	2 (13,1)	2 (14,1)	5 (9,0)	4 (12,4)	1 (15,7)

SSI=61,1

Source: own compilation based on the results of research.

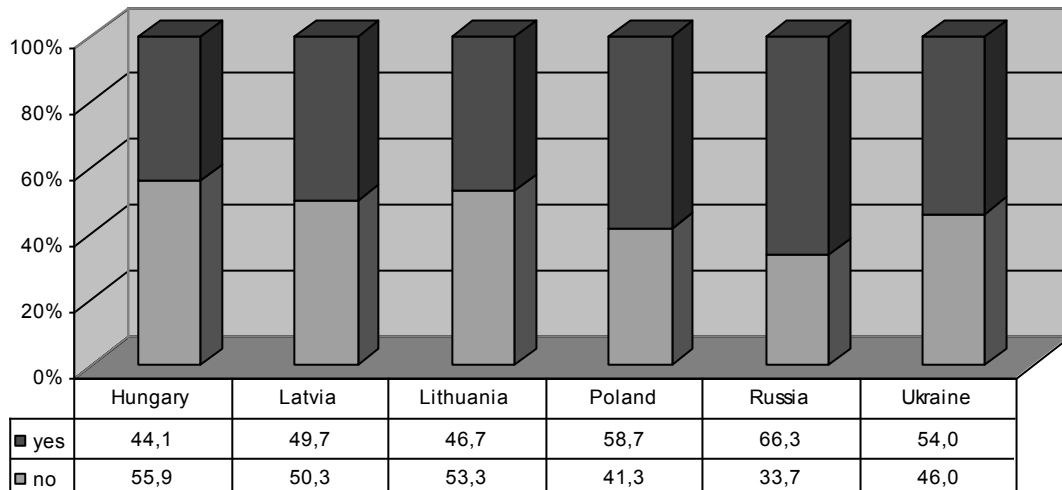
- ability to forecast, measure business risk (average position in the ranking 3,2, structure coefficients median 13,1 %, this characteristic was mostly pointed out by Polish and Ukrainian students – 1 place in the ranking – and Russian students – 2 place),
- willingness to search for new solutions (average position in the ranking 4,8, structure coefficients median 10,8 %, the characteristic very important for Polish students – 2 place in the hierarchy),
- adaptation to changing conditions (average position in the ranking 5,0, structure coefficients median 10,5 %, this characteristic is at the third place in the ranking prepared for Polish students),
- hard-working (average position in the ranking 5,0, structure coefficients median 10,1 %, this characteristic is at the third place in the rankings prepared based on declarations of the Latvian, Lithuanian and Russian students),
- intuition (average position in the ranking 6,8, structure coefficients median 9,2 %),
- the readiness to bear responsibility (average position in the ranking 6,3, structure coefficients median 7,7 %, this characteristic is at the third place in the rankings prepared Hungarian and Lithuanian students),
- conscientiousness, accuracy, care (average position in the ranking 8,8, structure coefficients median 3,5 %, this characteristic is the least important, according to the Latvian, Russian and Lithuanian students),
- first-hand experience in education (average position in the ranking 9,5, structure coefficients median 3,2 %, the last position in the ranking prepared for Hungarian, Lithuanian and Polish students).

Pro entrepreneurial activity at the studies

Studies are the time of creation and formation of an entrepreneur. The university's teaching staff plays a significant role in this context. However first professional experiences gained at the time of studies are inestimable, due to the future professional activity of students. The students' pro – entrepreneurial activity may be revealed by taking up work at the course of studies or by taking part in activities beyond academic studies (sport, scientific circles, charity work, voluntary work). The hereinafter part of the study is focused on the above consideration.

At the beginning the attention was drawn at the issue of participation in the classes beyond academic studies. In this field the population is divided in 2 quite even groups of students: active and inactive. The structures coefficients medians, proper global calculation for both distinguished groups, amounted to 51,9% and 48,1%. A detailed set of declarations of students from individual countries is presented at chart 2.

Chart 2. Question: Are you active beyond academic studies at university? (e.g., sport, scientific circles, charity work, voluntary work)



SSI=77,8

Source: own compilation based on the results of research.

At this stage the diversification of particular group is revealed (structure similarity coefficient 77,8). Russian students happened to be the most active. The percentage of active students at the classes beyond academic studies amounted to 66,3%. Only 44,1% of surveyed Hungarian students (opposite end) were active in selected fields.

Also an entrepreneurial activity might be revealed while gaining first professional experiences. Once the groups of those who have and don't have such experiences were distinguished the attention was drawn at the first group in order to find out when (vacations, the term) and in which sector (industry, finances, service) they took the work.

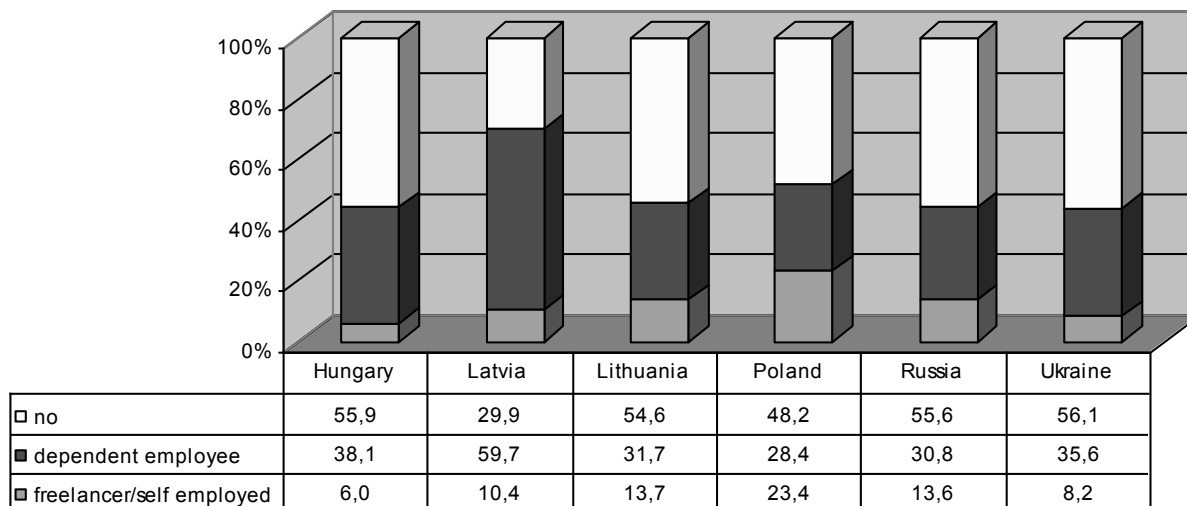
The respondents were asked to answer the question: Did you work/are you still working during study?. Those who gave positive answer could choose either self-employment or dependent employee option. Chart 3 presents results of respondents' declarations.

When taking into consideration the structure coefficient median (55,1%) it should be stated that most of the respondents haven't gained first professional experiences yet. Others gained the experience mostly by working as dependent employee (33,7 % of cases). 12% of respondents worked on their own (freelancer, self-employment).

Latvian and Polish students stand out in comparison with students from other countries (over there the structure of responses is similar to mean). 70% of Latvian students have already got some first professional experiences (significant disproportion as far as mean, 55,1%, is concerned), mainly as dependent employees. Higher, in comparison with other groups, percentage of respondents declaring to work in the form of self-employment becomes the discriminate of Polish students. 23,4% of students, who took part in the survey, chose the aforesaid form of professional activity (significant disproportion in comparison with choices of adequate option in the group of Hungarian students – opposite end – 6%).

Also here relatively high percentage of those who take up work we can notice – 51,8% - in comparison with opposite groups – relatively from 45,5% for Lithuanian students to 43,9% for Ukrainian students.

Chart 3. Question: Did you work/are you still working during study?



SSI=64,4

Source: own compilation based on the results of research.

In the course of the survey it was checked if those experiences were gained during vacation or the term. Also the attempted was made in order to find the most often chosen by students sector of work.

The respondents were asked to precise when did they take up the work. Except for options such as the term and vacation also an option integrating both periods was distinguished. The table blow presents the structure of the respondents' choices regarding only two options.

Table 2. Question: When did you work/are you working?

period	Hungary	Latvia	Lithuania	Poland	Russia	Ukraine
vacation	89,1	76,6	76,4	84,1	81,1	90,8
the term	72,9	82,6	75,6	57,8	80,2	62,8

SSI=68,4

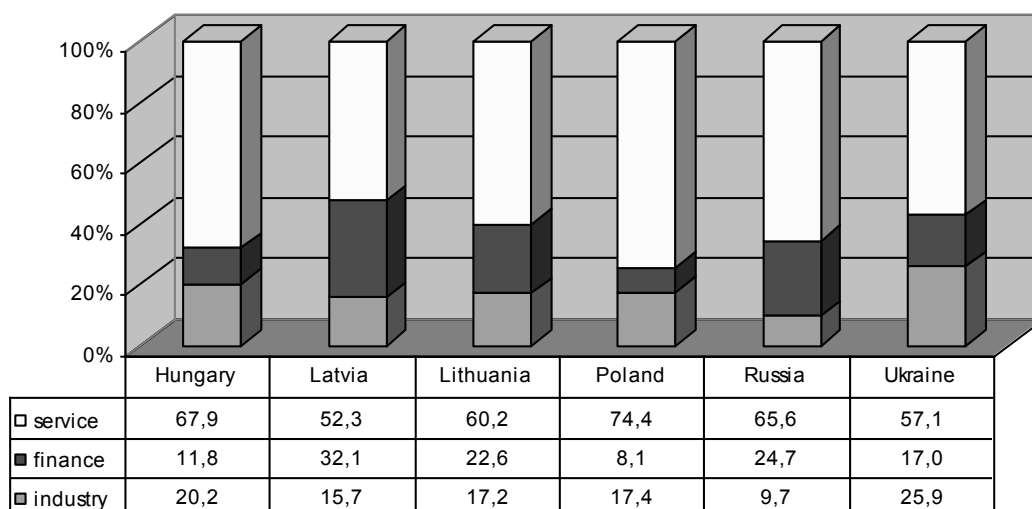
Source: own compilation based on the results of research.

The measurement of means values (structure coefficient median) suggests that the time of vacation is the most favorable period for getting first professional experiences. 82,6% of respondents, who previously declared that were professionally active, were working in that period. An adequate percentage recorded for the opposite period amounted to 74,2%. The differences can be noticed as far as the surveyed groups are concerned. Russian and Hungarian students gain first professional experiences mainly during vacations (relatively 90,8% and 89,1% of respondents gave such answer, while relatively 62,8% and 72,9 % of respondents declared to work during the term). Also Polish students can be counted among the aforesaid group. In that group over 40% of respondents chose the option "I worked during vacations mainly" (in the group of Lithuanian students – opposite end – only 17,4% of respondents made adequate choices).

In turn results of the conducted survey indicate that Lithuanian and Latvian students have the best ability to combine the professional work with studies (relatively 23,6% and 23,4% of respondents chose the option “I worked/work during the term of studies mainly”, in comparison with for example 9,2% - opposite end – registered in the group of Ukrainian students). The system of traineeships may be favorable in this case (further in the research they draw the attention that it isn't necessary to provide more traineeships, which allows to state that such need is fulfilled under the education system).

What type of the sector do the students gain their first professional experience? It was decided to investigate this issue as well. Three possible options were proposed to the respondents: industry, finance and survey sectors. The structure of respondents' choices presents the chart below:

Chart 4. Question: What type of the sector did you work/are you working?



SSI=70,1

Source: own compilation based on the results of research.

On average 62,9 % of respondents gained their first professional experience in service sector. The percentages of those who took up work in the finance and industry sector were similar, they were established at the level of 19,8% and 17,3%. The differences were revealed as far as the groups of students were concerned. The greatest number of Polish students gained their first professional experiences in the service sector (74,4% of choices of the adequate option). The Latvian students can be placed at the other end, in this group only half of them (52,3% of respondents precisely) made the choice of that option. Relatively the Latvian students, in wider range, do traineeships in financial sector during studies (32,1%). In this case Polish students can be contrasted to the aforesaid group, where only 8,1% of respondents gain experiences in financial sector. Industry was the sector of work for 25,9% of Ukrainian students, it happen to be the least attractive sector of work for Russian students, who chose this option only in 9,7% of cases.

Analysis of likeliness to change the place of living due to work reasons

In the next stage of research the analysis of willingness to change the present place of living within and outside the country borders was made. The table below presents the percentage of students willing to migrate in both options among the surveyed groups of students.

Table 3. Likelihood to change the place of living (internal and external migration) in order to take up work.

migration	Hungary	Latvia	Lithuania	Poland	Russia	Ukraine	SSI
internal	77,5*	63,7	77,9	85,8	62,7	80,6	76,9
external	63,6	64,4	66,6	78,8	65,9	71,0	84,8

* percentage of choices of „yes” options for all data

Source: own compilation based on the results of research.

When taking into consideration the structure coefficients median it can be stated that 77,7% of respondents is willing to change the place of living within the county while looking for a work. Similar declarations were given for the option regarding external migration, 66,2% of respondents. In comparison with other groups of students in the field of earning migration Polish students stand out. 85,8 % of respondents declared the willingness to change the place of living within the country and 78,8% outside its borders. Also the attention should be paid to the relatively high percentage of choices of adequate options, in group of the Ukrainian (relatively 80,6% and 71%) and the Lithuanian students (relatively 77,9% and 66,6%).

Having analyzed the declarations of respondents from other groups it should be stated that the Hungarian students are the most unwilling toward the perspective of work in another country (36,4% of respondents don't take such possibility under consideration), however as far as the internal migration is concerned Russian students are the most negative (37,3% of respondents declared their unwillingness in this context). Although it should be noticed that in this field no significant differences among the students from individual groups were recorded – the structure similarity coefficient amounted to 84,8, when for the internal migration the adequate measure amounted to 76,9.

Also it was decided to distinguish the factors that can become potential barriers while making the decision of changing the place of living. The analysis in this field also was conducted for both options: internal and external migration. For those options the following answers were possible:

- family bonds,
- attachment to region/homeland,
- fear for change.

In addition for the purposes of external migration another barrier was proposed: insufficient knowledge of foreign languages. The table below presents structure of the respondents' declarations in both sections.

Almost half of the respondents (the structure coefficients median 47,8%) stated that the family bonds was the factor restricting them to take the decision of changing the place of living within the country. In comparison with other groups, in the analyzed field, Hungarian (the percentage of this option 62,2 %) and Polish (52,6% of respondents chose the analyzed option) students stand out.

32% of respondents made the decision to chose the option “attachment to region”. In this field one can notice differences in the percentages of the respondents' declarations within the individual groups. The highest percentage of “local patriots” – 42,2% - was recorded for Russian students, however the lowest – in the group of Polish and Hungarian students – approx. 25% of choices of that option.

Table 4. Factors restricting the decision of changing the place of living due to earning motivation (inside or outside the country)

option	migration	Hungary	Latvia	Lithuania	Poland	Russia	Ukraine
family bonds	internal	62,2	45,0	47,5	52,6	46,9	48,1
	external	47,3	34,8	33,7	42,9	33,8	33,6
attachment to the region/ homeland	internal	25,2	37,6	32,6	25,5	42,2	32,4
	external	21,4	29,8	28,6	24,3	42,4	25,1
fear for change	internal	12,6	17,4	20,0	21,9	10,9	19,5
	external	13,2	15,1	13,0	17,9	8,0	18,6
insufficient knowledge of foreign languages	external	18,2	20,3	24,7	15,0	15,8	22,7

Source: own compilation based on the results of research.

On average 18,5% of respondents state that fear of change restricts them to change the place of living within the country while looking for work. The most often this determinant was chosen by Polish students – 21,9% of cases – rarely by Russian students – only 10,9% of choices.

The differences, of the respondents' declarations in countries taking part in the research, distinguished above were also confirmed in the investigation regarding the factors restricting respondents to take the decision to leave the country in order to find better work. Here one more determinant was taken into consideration – insufficient knowledge of foreign languages. Due to above changes in the general structure of responses are significant, however relations weren't changed so much. On average every third respondent (the structure coefficient median 34,3%) stated that family duties could restrict him/her –self to take the decision of going to live aboard due to earning motivation, for 26,9% of respondents attachment to the homeland could become such factor. "The fear for change" had the least significance in the analyzed context, this option was chosen by 14,2% of respondents. Also the knowledge of foreign languages was analyzed as an external migration barrier. The language barrier can be considerable restriction for respondents, however quite great disproportion within the individual group of students is noticeable. Definitely this factor constitutes the greatest barrier for Lithuanian students – such option was chosen by every fourth respondent – the lowest – for Polish students – here only 15% of adequate choices were recorded.

Conclusion

In conclusion it could be stated that:

- The researches carried out reveal that there is a significant potential of entrepreneurship among respondents. 70% of surveyed consider themselves to be an entrepreneur (here the most adequate declarations were recorded in the group of Ukrainian students), 84% of respondents declared that if they had known how to establish own business – would have done it (in this field the most positive declarations were recorded among the group of Lithuanian students). Half of the respondents tried to get professional experience by participating the optional classes (sport, scientific groups, charity work, voluntary work) – in this field Russian students were the most active – and by taking first works (in this field Latvian students stand out), usually as dependent employee (self-employment was the

most often chosen option by Polish students) in service sector, rather during vacations than in the term.

- In the respondents' point of view an entrepreneur should be characterized by: creativity and idea generation, communicativeness and ability to forecast and measure business risk. The respondents gave the lowest significance to the first-hand experience in education, conscientiousness, accuracy, care.
- Majority of respondents were willing to take work and change their present place of living in the country and abroad. The family bonds are the main factor reflecting the barriers of fulfilling the aim. Also attachment to region/homeland plays a considerable role.

The potential of pro-entrepreneurial activity in the context of above considerations, identified in the surveyed group, should be measured as a significant micro economical condition and the factor of economy competitiveness improvement.

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