

## Concept and content of entrepreneurship as an important economic category

*Andriy Slyuz\**

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**Abstract.** The article attempts to clarify the concept and content of entrepreneurship as an important economic category. It is indicated that entrepreneurship as a type of business is an integral element of the state economy. The important role of entrepreneurial activity carried out by economic entities of Ukraine is emphasized and has a significant impact on the filling of the state budget and budgets at the local level, thereby allowing us to strengthen our defense capabilities, which is almost priceless in the conditions of martial law. It was established that entrepreneurship is a strategic factor and an internal source of unstable economic development and material welfare of the country's population in market economic conditions.

Having considered separate opinions on the essence and content of the category «entrepreneurship», it was established that its characteristics are primarily based on the state of development of the state's economy, its stability, efficiency and competitiveness, which is achieved, in particular, by using the capabilities of high technologies and innovations. Since entrepreneurship always develops in a certain socio-economic and historical environment, certain prerequisites that contribute to the development of entrepreneurship in Ukraine are highlighted. Such prerequisites include legal, economic, political and psychological. In the context of the analyzed approaches to understanding entrepreneurship, it is noted that the basis of legal prerequisites is state legislation, while the economic prerequisites of entrepreneurship provide for the functioning of multi-entity owners in society. This enables business structures to independently make decisions about the use of property, products, profits, etc.

**Keywords:** entrepreneurship, entrepreneurial activity, business entities, risk, profit, prerequisites for the development of entrepreneurship, dynamism, systematicity.

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\* Ph.D. student of the Department of Economic Cybernetics at Ivan Franko Lviv National University.  
ORCID: <https://orcid.org/0000-0002-7612-6051>

## INTRODUCTION

Entrepreneurship as a type of business is an integral element of the state's economy. Today, entrepreneurial activity carried out by economic entities of Ukraine plays an extremely important role in filling the state budget and budgets at the local level and thus allows us to strengthen our defense capability, which is almost priceless in the conditions of martial law. Current legislation, defining the concept of entrepreneurship, outlines a number of characteristic features inherent in this category, emphasizing, among other things, the riskiness of such activity. Therefore, given the relevance of the issue of entrepreneurship development, it is worth considering certain aspects that allow us to reveal the content and essence of entrepreneurship as an important category of the economy.

*Analysis of recent researches and publications.* In recent years, issues related to entrepreneurial activity have been the subject of research by a significant number of scientists. Due to the fact that this problem is not diminishing its relevance, scientific research in this area continues. Among the works that are of both scientific and practical interest, it is worth highlighting the scientific works of such scientists as: I. Blank, V. Vitlinskyi, V. Geets, M. Denysenko, I. Ivchenko, S. Ilyashenko, H. Velikoivanenko, I Verbitska, T. Holovach, L. Donets, Y. Kryvyshch, G. Levitska, A. Matviychuk, T. Mostenska, K. Tarasova, N. Skopenko, A. Starostina, I. Fedulova, T. Tsvigun, I. Yashchyshyn and many others.

*The purpose of the publication* is to clarify the approaches to the interpretation of the category «entrepreneurship», as well as the characteristic features inherent in this type of business.

## RESULTS

First of all, it is worth paying attention to the fact that a significant number of scientists, who clarify the essence and content of entrepreneurship, talk about the multifacetedness of this category and its constant filling with new characteristics.

Thus, A. A. Zhigir notes that the modern interpretation of entrepreneurship is quite diverse. Therefore, it is appropriate to consider entrepreneurship not as an unchanging concept, but as a dynamic one that develops, constantly changes and is filled with new content, and therefore needs improvement [1, p. 30].

The authors of the textbook «Economics and Organization of Entrepreneurial Activity» edited by Doctor of Economics N.V. Smentina emphasize that the history of entrepreneurship begins in the Middle Ages. At that time, merchants, traders, craftsmen were novice entrepreneurs. The first attempts at a systematic theoretical understanding of entrepreneurship began in the 17th century, although communities of entrepreneurs, consisting of artisans, merchants, and moneylenders, appeared much earlier. For the first time, the concept of «entrepreneur» was introduced into scientific circulation by the English economist Richard Cantillon, who also made a systematic analysis of entrepreneurship. He understood entrepreneurship as an economic function of a special kind and emphasized the element of risk always present in it. R. Cantillon defined an entrepreneur as a person who, for a certain price, buys the means of production in order to produce products and sell them to receive income, and who, taking on the obligations of expenses, does not know at what prices realization can take place. Cantillon included people with unfixed incomes (artisans, merchants, peasants), that is, those who were engaged in economic activity in conditions of instability and unpredictability of prices, among entrepreneurs. Therefore, R. Cantillon considered readiness to take risks to be the main trait of an entrepreneur [2, p. 5].

According to the authors of the textbook «Entrepreneurship», O. L. Anufrieva, T. G. Palchevska, and H. M. Lagotska, «today, entrepreneurship is a strategic factor and an internal source of unstable economic development and

material welfare of the country's population in market conditions of business. Economic cataclysms are an obstacle in the so-called «decline» of small business. At the same time, they draw attention to the fact that «modern economic literature lacks an unambiguous interpretation of the essence of entrepreneurship. In most cases, the essence of this phenomenon is replaced by the purpose of entrepreneurial activity, namely, it boils down to making a profit. Correct understanding of the true essence of entrepreneurship is equally important for both economic science and business practice» [3, p. 8].

Instead, scientists emphasize that the concept of «entrepreneurship» is extremely broad and capacious. It intertwines a set of economic, legal, political, historical, moral and psychological relations. It developed over a considerable period of time, changing under the influence of basic and superstructure institutions, people's psychology, etc. [3, p. 8-9].

A. A. Zhigir, mentioned by us, draws attention to the methodological approach, according to which entrepreneurship is considered as a complex multi-level system formation, where four of its levels are distinguished:

- a general approach to entrepreneurship, regardless of the specifics of production relations, related to the general economic aspect of production efficiency, its growth;
- specification of the essence of the concept in relation to the market economy;
- «proprietary level» (regarding the main function of entrepreneurship) - multiplication of property regardless of its form;
- financial and economic creativity» [1, p. 30].

At the same time, the researcher emphasizes that entrepreneurship is also defined as a comprehensive socio-

economic phenomenon that includes three components:

- market economy sector;
- type of economic activity;
- the process of creating a new one.

From a theoretical point of view, according to A. A. Zhigir, a more reasonable position is the opinion that entrepreneurship is a dialectical unity of a specific social form and general economic content [1, p. 30].

Revealing the meaning of the economic category «entrepreneurship», one cannot ignore the opinions expressed by legal scholars. Thus, O. V. Bigniak, analyzing various definitions of the concept of entrepreneurship presented in legal science, notes that the definition of the specified category as an activity prevails in this area. However, as the scientist notes, the characteristics of such activity are ambiguous. Citing the definition of entrepreneurship presented by V.K. Kolpakov, in which the author characterizes entrepreneurship as recognized by the state, subordinate to the law, free, independent, initiative and systematic, with the purpose of obtaining profit, the activity of individuals and legal entities in the production of goods, the performance of works, the provision of services and of trade carried out at one's own risk and under one's own responsibility, O.V. Bigniak, questions the correctness of certain provisions of this definition. He notes that such signs of entrepreneurship as recognition by the state and compliance with the law do not seem quite correct, because the concept of entrepreneurship does not depend on its recognition or non-recognition by the state, especially since such recognition does not concern entrepreneurship itself, but its subjects. Therefore, the indication that entrepreneurship is a state-recognized activity should not be directly included in its definition. As for legality, O. V. Bigniak notes that not only business, but also any other economic and economic activity should be carried out in compliance with

the requirements of the law. Therefore, the scientist believes, compliance with the law cannot be considered as a qualifying feature of entrepreneurship, to separate it from other types of activity [4, p. 152].

Similar opinions regarding the interpretation of entrepreneurship are expressed by O. E. Dyakunovsky, who emphasizes that most scientists emphasize certain features, of which the qualifying (main) ones are: a set of actions of the subject of entrepreneurial activity (entrepreneurship is an activity), systematicity, independence, initiative, risk-taking, orientation towards achieving certain results (making a profit or achieving social results). Sometimes legal scholars also indicate such signs as: activity, purposefulness, responsibility for compliance with legislation, directness or indirectness of activity [5, p. 32].

Having analyzed the definitions of the terms «entrepreneur» and «entrepreneurship», K. S. Nikitenko singles out the following main features that distinguish a person's entrepreneurial activity from other types of activity, namely:

- presence of risk, in particular the risk of loss, failure to receive the planned profit, loss of assets, etc.;
- the entrepreneur seeks to make a profit. Profit is not only a source of reward for the entrepreneur's labor, but also a source of business development (for example, modernization of production, expansion of production, etc.);
- entrepreneurial activity should be carried out on the basis of the use of limited resources;
- entrepreneurial activity is aimed at meeting public needs in goods, works, and services;
- entrepreneurship is based on innovations [6].

Considering the aspects, trends and prospects of the development of entrepreneurial activity in the conditions of the pandemic, the researcher proposes

to understand entrepreneurial activity as a risky activity of an individual or a group of individuals (registered as entrepreneurs or founded a legal entity) who receive income based on the satisfaction of public needs in products, works, changing services, based on the voluntary application of social responsibility, which requires the involvement of resources (material and immaterial resources) and interaction with counterparties [6].

From the given definition, K. S. Nikitenko concludes that entrepreneurial activity is characterized by a number of features, namely:

- entrepreneurial activity can be carried out by a group of independent individuals, which means equal participation in the entrepreneurial activity of the members of this group. In the labor relations between the employer and the employee, it is the employer who gives orders, and the employee carries them out. This distinguishes labor relations from mutual relations of people under joint entrepreneurial activity;
- the root cause of entrepreneurial activity is the satisfaction of public needs in products, works and services, since in order to obtain income (sources of income for an entrepreneur) it is necessary to find, actualize or create a need for a product, work or service. It should be noted that the needs of buyers are changing, which creates additional risks for entrepreneurs;
- material and non-material resources are necessary for entrepreneurial activity (for example, information, personal skills and abilities, abilities to create innovations and innovations);
- conducting business activities is not isolated from other economic agents and may require interaction with them (for example, suppliers, contractors and creditors);

- state registration is required for entrepreneurship, which means the requirement to comply with the legislation from the beginning of entrepreneurial activity;
- compliance with laws is the minimum duty of an entrepreneur, which should not exclude the desire to conduct a business voluntarily based on the entrepreneur's social responsibility, aimed at minimizing the negative consequences for society, nature and maximizing the positive effect of entrepreneurial activity [6].

A slightly different position regarding state registration is expressed by O. V. Bigniak, who believes that the sign of state registration of business entities is not an inherent concept of entrepreneurial activity as an economic (economic) activity, but is a legal (formal, external) requirement that is to entrepreneurs from the state. Therefore, state registration should not be considered a sign of entrepreneurship, but a necessary condition for the legality of entrepreneurs' entry into economic circulation (legitimation) [7, p. 301].

Considering the issue of entrepreneurial activity as the main form of realization of economic human rights in the theoretical and legal aspect, Y. Sagaidak notes that it is not easy to characterize the phenomenon of entrepreneurship, to investigate it comprehensively, to identify the factors it should influence and which influence it. And this is connected with such characteristics of entrepreneurship as heterogeneity and dynamism [8, p. 44].

Nevertheless, the researcher believes, despite all the diversity of scientific opinions regarding the legal nature of entrepreneurship, it is possible to single out a set of main features on which entrepreneurial activity is based, which distinguishes it from other activities: willpower, initiative, systematicity, legality, risk and focus on profit [8, p. 46].

Instead, it is worth agreeing with the opinion that the scientific definitions contained in the economic and legal literature have significant differences, which is connected with the peculiarity of the methodology of each of the named sciences. Thus, in economic sources, such a sign of entrepreneurship as the focus on profit maximization occupies a priority place. A significant number of scientists representing economic science also note the innovativeness, independence, and riskiness of entrepreneurship. Legal scholars name slightly different characteristics of entrepreneurial activity [9, c. 332–339].

When determining the role of entrepreneurship in society, it is important to clearly understand its function, namely: the objective multifaceted role of entrepreneurship in the social, political, ecological and economic life of society. The study of literary sources gives reason to conclude that scientific thought has formed a certain foundation for understanding entrepreneurship, having worked out the functional characteristics of an entrepreneur. Based on the historical approach to the development of the entrepreneurial function, four stages of its formation are distinguished:

- 1) formation and awareness of risk;
- 2) innovativeness in terms of the theory of dynamic growth and economic development;
- 3) formation of the entrepreneur's personality and his role in the economic structure;
- 4) natural understanding of this process.

Consideration of each of them makes it possible to determine the functions and role of entrepreneurship in the economy. Risk is a historical concept. A person is aware of possible dangers, regarding the loss of health and even life. Risk is also an economic concept, the essence of which is related to the probability of winning, a positive result, or the possibility of losses, failure. The function of risk and uncertainty

is associated with an entrepreneur – a person who makes decisions in conditions of uncertainty, whose income and losses are the result of risk [1, p. 30].

Therefore, in the context of the above, it is worth agreeing with the opinions of scientists who believe that the most important basis for the development of the economy is the development and improvement of entrepreneurship as a special type of economic activity. The Ukrainian community is increasingly aware that entrepreneurship is one of the most important factors in the development of the national economy. Moreover, entrepreneurship is a prerequisite for an innovative type of economic growth, which is based on entrepreneurial initiative in the field of scientific-technical and organizational-economic activity [10, p. 3].

Therefore, entrepreneurship is organizational and economic creativity, which is fundamentally different from ordinary business activity, which is based on the use of ready-made proven business schemes. The creative, innovative nature of entrepreneurship gives a special status to its bearer - an individual who does not «adjust», as is the case with a manager or head of an already established company, to the forms of established production.

Entrepreneurship is not limited only to the sphere of free economic activity, it extends to all social spheres, where freedom, the search for new things and the ability to create are, if not the norm for the majority, then

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available to the creative minority. An entrepreneur must possess many traits that characterize him in essence. These are business acumen, professionalism, initiative, responsibility, creativity, large-scale thinking, the ability to solve «non-standard» tasks, work with people. They can be listed further [10, p. 11].

### CONCLUSIONS

Having considered separate opinions on the essence and content of the category «entrepreneurship», we can state that its characteristics are primarily based on the state of development of the state's economy, its stability, efficiency and competitiveness, which is achieved, in particular, by using the capabilities of high technologies and innovations. Since entrepreneurship always develops in a certain socio-economic and historical environment, we can highlight certain prerequisites that contribute to the development of entrepreneurship in Ukraine. Such prerequisites include legal, economic, political and psychological. In the context of the approaches to understanding entrepreneurship analyzed above, we note that the basis of legal prerequisites is state legislation, while the economic prerequisites of entrepreneurship provide for the functioning of multi-entity owners in society. This enables business structures to independently make decisions about the use of property, products, profits, etc.

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