

Entrepreneurial Competence and Its Structural Components

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Summary

In the EU strategic and national documents strengthening entrepreneurial aspects is indicated as one of the major strategic goals to be reached before 2020. Entrepreneurship is the key factor of economic growth and one of the most important competencies among general competencies, thus theoretical and practical entrepreneurial training should be included into all elementary, general, professional, high and adult training programs before 2015.

The article discusses the concept of entrepreneurship in the narrow and broad sense, provides descriptions of the structural components of entrepreneurial competence. Entrepreneurial competence includes different, but closely interrelated components (knowledge, abilities, skills, values, attitude, personal qualities), the improvement of which is an integral part of entrepreneurial education process, which is complicated and thus cannot be easily assessed.

Keywords: entrepreneurship, entrepreneurial competence, internal and external factors influencing entrepreneurship, entrepreneurial education, structural components of entrepreneurial competence.

The concept of entrepreneurial competence

The theoretical analysis of entrepreneurial competence is wide and integrates many scientific fields. It is often related to entrepreneurship as the main factor of economic development and creation of new work places (Z.J. Acs, L. Szerb, E. Autio, 2013).

There is no unambiguous concept for entrepreneurship or entrepreneurial competence. The concept of entrepreneurial competence has been started to be used only in the recent years.

In the works of various scientists and other sources the concept of entrepreneurship is discussed in different contexts and interpreted differently. Some sources (particularly that of the US authors) use the concept of entrepreneurship in the narrow sense, describing it as a type of economic practice focusing on the creation of added economic value. Meanwhile in the recent publications of European scientists, the concept of entrepreneurship is usually discussed in the context of education or another specific context, describing and relating it to personal qualities, skills, abilities, values and attitudes, as well as their development (M. Lackéus, 2013, p. 3).

In a business glossary the concept of entrepreneurship is related to a person, an owner or a manager of a business enterprise, who takes initiative and risks his own assets in order to achieve profit (Cambridge Business English Dictionary). "Entrepreneurship is a personal inclination and ability to engage in economic activity by combining capi-

tal, work and other economic resources in order to achieve profit and taking the entire risk related to this activity" (Ekonomikos terminų žodynas, 2005, p. 282–283).

Many scientific works relates entrepreneurship to business organisation and establishing a new business enterprise, as well as interprets it as a quality characteristic to entrepreneurs. Entrepreneurship includes a set of particular personal and professional abilities required to start and manage a business: imagination, creative thinking, willingness to act in risky situations, initiative, innovativeness, intuition, management skills and other exceptional and unique abilities. The theoretical knowledge and experience are regarded as particularly important skills of an entrepreneur. Namely theoretical knowledge and experience may generate business ideas. However, only with adequate knowledge about business, as well as practical entrepreneurial skills and experience one may take further actions in order to achieve good results (C. Gaglio, J. Katz, 2001; A. Ardichvili, R. Cardozo, S. Ray, 2003; S. Sarasvathy, 2008). According to V. Gustafsson (2004), theoretical knowledge is an important factor in seeking to develop business ideas, however, theoretical knowledge alone is not enough. Personal qualities and abilities in making the right decisions and achieving one's goals are as much important and should be developed as soon as possible, i.e. in early age.

One of the main factors influencing the need to develop entrepreneurial abilities is the constantly changing social environment, since the success of the newly created and developed business depends on the ability to adapt to the environment, assess new markets, investments, opportunities for developing new social relationships and using them properly. Only with appropriate entrepreneurial abilities people will be able to orient in the constantly changing environment and have an advantage over others (P. Davidsson, 2004; J. Pyysiäinen, A. Anderson, G. McElwee, K. Vesala, 2006; J. Wiklund, P. Davidsson, D. B. Audretsch, C. Karlsson, 2011).

S. Mitchelmore ir J. Rowley relates entrepreneurial competence to specific knowledge, abilities, skills and individual motives, as well as personal traits and sees their development as a guarantee of successful business development (2010, p. 92–93). Since entrepreneurship is inseparable from uncertainty, it stimulates a need to acquire and improve new business competencies (A. McKelvie, J. M. Haynie, V. Gustavsson, 2011, p. 273; 292).

Entrepreneurial competence is related to many factors, which influence business development (D. Boyd, 2013). Usually these factors are divided into internal and external.

The internal factors influencing business include individual personal qualities, values, internal motivation, skills, understanding and behaviour. External qualities include social, economic, political and legal factors, which affect a person's internal attitudes and opinions towards entrepreneurship through an institutional entrepreneurship development system (A. Župerka, 2010, p. 24).

B. Bird suggests that entrepreneurial competence is particularly influenced by external factors, i.e. economic, social factors (a family's social status, education, work experience), however the success of business is also equally dependent on internal factors – personal insight, ability to focus on future prospects, foresee strategic objectives, as well as compatibility of attitudes and values (1995 p. 51–72).

Entrepreneurship is revealed through hands-on activity, influenced by economic, social, political, legal and other external factors. The dynamism and unpredictability of the external environment encourages developing, deepening and updating one's knowledge, improving the already acquired entrepreneurial abilities and developing new ones, as well as builds new values and encourages the development of personal qualities.

Thus in the narrow sense entrepreneurship is interpreted as a quality common to entrepreneurs, i.e. the ability to organise and develop business. In other words, entrepreneurship is described as individual qualities and abilities (self-esteem, logic thinking, insight, quick orientation, activeness, creativeness, innovativeness, responsibility, etc.), values and practical abilities, as well as skills determining the risky decision to organise business and allowing to adapt one's knowledge in realising business ideas and make informed strategic decisions, which ensure the future of the business.

However, many sources provide the concept of entrepreneurship in a wider sense and relate it not only to the qualities needed for organising business, i.e. qualities of entrepreneurs seeking to create economic value, but also for creating social and all other values, putting emphasis on comprehensive development of personal qualities, abilities, skills, values and attitudes, as well as their importance to each person aiming to live a meaningful and full life in the constantly changing social environment.

Entrepreneurship in a broad sense is a set of innate and acquired qualities, which allows to create not only economic, but also social and other values (Z. Lydeka, 1996; L. Paulionienė, 2007; R. Palčiauskienė, R. Virketytė, 2009; et al.). Entrepreneurship consists of innate and acquired qualities, which allow a person to think innovatively and act in risky conditions. The innate qualities usually include self-esteem, quick reaction to certain changes, critical approach, logical thinking, intuition, being venturesome and career-oriented, etc., while the acquired qualities include knowledge, practical experience, skills and abilities, i.e. qualities that are acquired through the process of learning and practice.

B. Bird (1995), T. Lans, H. Biemans, M. Mulder, J.

Verstegen (2010), E. Rasmussen, S. Mosey, M. Wright (2011); M. Markowska (2011) and other scientists associate entrepreneurial competence with successful performance of higher-level activity and describe it as a general ability, which covers the entirety of the knowledge, abilities, skills, values and personal qualities constantly changing in the course of action. J. C. Sánchez refers to entrepreneurial competence as the entirety of knowledge, personal qualities, attitudes, abilities and skills, which influence the effectiveness of a certain activity and emphasizes the fact that entrepreneurial competence may be evaluated only according to recognized standards and improved through the process of education (2011, p. 241). "Entrepreneurial development is an integral part of competence improvement and practical training, which builds habits and skills by learning from the past activity and focusing on future results" (A. Župerka, 2010, p. 302).

Entrepreneurship is described as "a way of thinking and personal social, managerial and personal competencies, which allow adapting one's knowledge in daily practice, i.e. certain abilities, which allow not only to organise one's business, but also to take the risk for the decisions made (Ekonominio raštingumo ir verslumo ugdymo strategija, 2004, p. 2).

In the recommendation of the European Parliament and of the Council On key competences for lifelong learning entrepreneurship is attributed to the eight key abilities (competencies) that promote personal fulfilment, social integration, active public spirit and employment and is also described as creativity, innovativeness, readiness to take risks, ability to plan and manage projects in pursuing goals, i.e. a person's ability to turn ideas into actions. This ability is related to knowledge, skills and attitudes, which allow to identify personal, vocational and (or) business opportunities, including broader issues that reveal the context, where people live and work. Moreover, entrepreneurial ability is regarded as a basis for more specific skills and knowledge, required for those, who begin social or commercial activity, and is related to the understanding of ethical values and principles of good management (2006, p. 11).

In the National Youth Entrepreneurship Education and Promotion Programme for 2008-2012 entrepreneurship is described as a person's attitude, knowledge and skills, which allow to recognize an opportunity to create an added value (both social and economic), as well as actions aimed at using that opportunity.

In the EU Entrepreneurship 2020 Action Plan (2013) entrepreneurship is described as the main driving force of the economic development and one of the most important competencies among the general competencies.

Although during the recent years there were a number of publications discussing the issues of entrepreneurial development, there is a lack of works, which would provide a detailed discussion of the structural components of entrepreneurial competence (knowledge, abilities, skills, values, attitudes and personal qualities).

The structural components of entrepreneurial compe-

tence

Scientific literature provides various description models of entrepreneurial competence levels and their structural components. Entrepreneurial competence includes different, but closely interrelated components (knowledge, abilities, skills, values, attitude, personal qualities), the development of which is an integral part of the entrepreneurial education process (M. Draycott, D. Rae, 2011; M. Markowska, 2011, p.19; M. Lackeus, 2013, p. 12).

The development of the structural components of entrepreneurial competence provided in this model provides a basis for achieving certain entrepreneurial results. The structure of entrepreneurial competence consists of the following structural components: knowledge and cognitive abilities, entrepreneurial abilities and skills, values, attitudes, personal qualities (see fig.).

Knowledge and cognitive abilities are related to the development of entrepreneurial and other general competencies, focused on the future perspectives (employment, work place creation, career), i.e. having knowledge of and being able to understand the main forms and processes of economics and business organisation, management, marketing, finance management, as well as the ability to operate with the key concepts.

Entrepreneurial abilities and skills include the abilities and skills of business environment and market analysis, creating and implementing business ideas, business plan preparation, marketing, risk management, planning and organising various activities, team work, learning from one's experience, making motivated and based decisions, com-

municating and representing, also the ability to foresee the perspectives of a company, plan its finances, as well as human resources and business perspectives overall.

Entrepreneurial abilities and skills, values, attitude and personal qualities include being actively interested in business creation and development opportunities, focused pursuit of goals, taking responsibility for the business and finance-related decisions made, adherence to ethical and legal norms, coordination of personal and public interests, etc., also initiative, enthusiasm, critical-analytical thinking, creativeness, ambitiousness, perseverance, responsibility, self-esteem, communicativeness, diligence, strong internal motivation, self-understanding, independence, insight, integrity, etc.

It should be noted that attention to the development of entrepreneurial competence has particularly increased since 2003, when most of the European states began implementing national entrepreneurship development strategies, yet there is still a lack of empirical studies related to the development of entrepreneurial competence. A positive attitude towards the development of entrepreneurial competence and application of appropriate entrepreneurship development methods would help to solve problems moving towards the achievement of business prospects.

Generalisation

In summary of a number of scientific works and other sources, it can be said that there is no definite concept of entrepreneurship and entrepreneurial competence. The concept of entrepreneurial competence has been started to

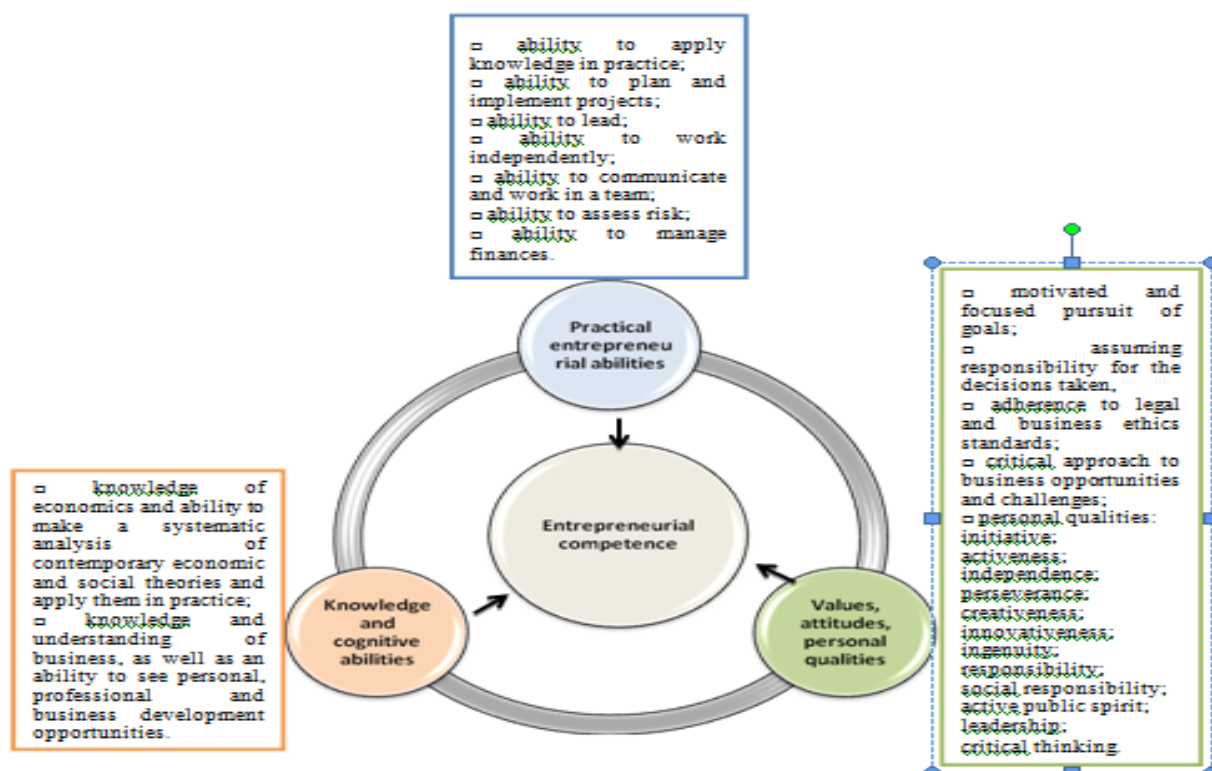


Fig. The components of entrepreneurial competence

(based on Bendrijei visą gyvenimą trunkančio mokymosi gebėjimai, 2007, p.11, Building Entrepreneurial Mindsets and skills in the EU, 2012, p.15).

be used only in the recent years. The usage of the concepts of entrepreneurship, entrepreneurial abilities and entrepreneurial competence causes a lot of confusion and ambiguity. In many cases these concepts are used as synonyms, but they are also often regarded as of different meaning. Usually that is related to the context of their usage. In the economic context the concept of entrepreneurship is interpreted as an ability to take on risks in order to create added economic value and receive profit, i.e. as a quality, which is common to a generator and developer of one's own business, rather than an employee. In a broader sense the concept of entrepreneurship is usually interpreted in the context of education and entrepreneurship is described as innate and acquired personal qualities, i.e. ability to foresee business opportunities and use them in order to create not only economic, but also social and all other values.

Although various contexts describe the concept of entrepreneurship differently, the main personal qualities related to entrepreneurship are usually the same – having certain knowledge, experience, skills and goals, logic thinking, creativeness, innovation, self-esteem, receptivity to innovations, communicativeness, ability to realize one's goals, take responsibility for one's actions, etc. The difference is that in the narrow sense entrepreneurship development is explained as an acquisition of specific knowledge, skills and abilities, required for a specific activity, seeking to create as much economic added value as possible, and in the broad sense emphasis is put on the development of comprehensive knowledge, personal qualities, skills and general abilities and their importance in all areas of life. However, it should be noted that in the context of education entrepreneurial competence is usually associated with economic issues (particularly to employment and creation of work places) and explained more than an economic rather than social phenomena.

Thus, based on the sources analysed, entrepreneurial competence may be described as an entirety of knowledge, abilities, skills, values, innate and acquired personal qualities, needed in every activity and adaptation in the social environment.

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