

## CONFIDENCE IN BUSSINESS AND ENTREPRENEURSHIP IS OVERRATED

Marincean Dan Andrei\*

\*Economy professor at CT Vuia Oradea, CT Șerban Aleșd, Romania  
Doctoral studies at FSE Oradea Bihor, writer, personal publication: The Challenge of global  
capitalism 2018 Agora University.  
[dmarincean@yahoo.com](mailto:dmarincean@yahoo.com)

### Abstract

*In this short article I will try to prove the wrongness of to much confidence in entrepreneurship, innovation and motivation today, that is threatening each investor. I made a summary from the ideas of multiple authors, economy magazines, and publications. I want to establish a motive and reason for witch entrepreneurship is overrated, and why this fight with capitalism is giving us negative results. I took examples from reality, objective stories that show us a certain percentage of lose, if we continue in believing to much in entrepreneurship idea. This study contains critical information about the short life of entrepreneurship and business in general. It compares arguments pro and contras trying to establish if its worthed investing in businesses anymore and why most of the entrepreneurs intentions are overrated. It has a table about unemployment rate in Europe in 2018, showing that we have real problems with poverty. The findings from different sources reveal negative aspects affecting our businesses when we are to confident. The study suggests that the complex of entrepreneurship, innovation, motivation is not necessary a successfully mix.*

**Key words:** overvaluation, entrepreneurship, monetary poverty, confidence, self-confidence.

### INTRODUCTION

#### Definition

Entrepreneurship is define as being the capacity and willingness to develop, organize and manage a business, getting ready to receive the risks, and with the purpose of profit. Start-ups are the most significant examples of entrepreneurships.

The entrepreneur spirit is characterised by innovation, risk, taking, and the will to succeed in an competitive global market. In the beginning of 90<sup>th</sup>, when we started with the capitalism, the entrepreneurship seemed the way, but not today, is obviously!

Making money is not fun, more fun it would be to do what we like. Paying the collective interest should be the way. I am serious, how much happiness can you get by dragging out money from entrepreneurship, when you are just being able to stay alive for not more than three months? At least in the side of east Europe where we encounter wide rages of unemployment and poverty.

## MATERIAL AND METHOD

As sources of inspiration i used certain materials, magazine articles, scientific publications from bussiness and economy magazines. The method is about searching for an objective argument wich proves that there is a certain percentage of lose in many entrepreneurship domains.

## RESULTS AND DISCUSSION

Table 1

Unemployment rate in Europe in 2018

Greece	20,2%
Spain	15,2%
Italy	10,9%
France	9,2%
Croatia	9,2%
Euro area	8,3%
Cyprus	8,2%
Finland	7,6%

Source: Statista: Unemployment rate in Europe 2018

Eurostat statistic explained, Europe 2020 indicators - poverty and social exclusion.

The problem is with those indicators is that they show a poverty sign.

Poverty out of this reason has at least three consequences:

- Monetary poverty affecting 17,3 % of the EU population
- Severe material deprivation in the sum of 7,5 % of the population
- Very low work intensity with 10,5% of the population

Those values are taken from the OECD dataset on Income Distribution and Poverty. The biggest collapse are generated both ways by overvalued entrepreneurship as well as by the material deprivation.

Material deprivation covers issues relating to economic strain, durables and housing, and dwelling environment.

People that live in rural areas they suffer from higher risk of poverty rates than their folks from urban areas.

Because of the fail of entrepreneurship, poverty and social exclusion harms lives.

To solve future poverty dilemmas we will need to stay focus on groups not on motivation, or entrepreneurship. For example, some authors conclude that entrepreneurs fail for many reasons: (Andriole and Prince, 2016, 2018),

- They are not smart enough
- They don't know who is who
- They don't find enough funding
- They have grandiose expectations
- Horrible soft drinks
- Bad partners
- Ineffective sales

- Market invisibility
- Pivot paralysing
- No sense of inevitable exit

Other historical examples of entrepreneurs setback:

- Henry Ford went broke five times and was advised to stay away from the automobile industry
- Walt Disney, when looking to finance Walt Disney World was turned down about 300 times
- Five record companies chose not to sign the Beatles

70 % of Americans businesses say they have good profit.

But instead small businesses have low profits, and bigger problems than the big businesses. (Harvard Business review, 2014). The motive is that there is a big difference between confidence and competence.

Overconfidence seems to be a subconscious process.

If an entrepreneur would not be so overconfident, he could make realistic choices. Most of the economy writers think that overconfidence will only lead to downfall, and when we ask ourselves of what is wrong about being overconfident, we find out many answers.

Anyways being overconfident is indisputably a negative attribute for success. (Roger, Kemper, 2011)

When the music stops, in terms of liquidity, things will become very complicated. But as long as the music is playing we have to get up and dance. The author is giving us an example upon the Lehman Brothers bankruptcy as a result of losses and the meltdown of the global financial system.

At that time the mortgage market collapsed and millions of Americans lost their homes. What are the motives for too much confidence?

The motives for being too confident are:

- Perception of confidence,
- Social Norms,
- Confidence is expressed and can lead to social consequences
- The today kids are too confident, so the young generation is also too convincing

Advices for those who trust too much:

- Focus on the effort, not the outcome
- Keep on learning new things
- Listen to what others have to say

This end of story for the capitalism and entrepreneurship was also predicted even by the great John Maynard Keynes in his work: The end of Laissez Faire (1926).

Keynes is being critical about freedom, considering that laissez-faire is becoming obsolete. His word: "When ignorance prevails over knowledge

and monopolies and combination interfere with inequality, complication arise. Das scheitern of laissez-faire (the end of laissez-faire), causes a negative impact upon the idea of entrepreneurship as well.

As a consequence of laissez-faire inefficiency we conclude that the economic order should be oriented to the state and the government control.

Sustainability requires norms and continuous efforts from the state so that competition will be saved, also to cut the tendencies of monopoly

## CONCLUSIONS

When we are overconfident we have to think about financial meltdowns, the abundance of sociopathic managers and politicians and the road accidents.

To achieve the goals and stay motivated we have to:

- Establish some small and specific goals that are also realistic and challenging
- Visualize the steps for the purpose we have, and the goals we have to achieve
- Realize that money is our friend and we will get more of it
- The surrounding predicts the future
- Failure is a choice not an inevitable result

Innovation as well is overvalued and embraced by the dominant ideology in America, for example Silicon Valley, Wall Street and the Washington Dc political elite.

The capitalistic system excels at innovation when the problem is that the system is failing because they cannot maintain what they've started.

An article written by Andrew Russell, subscribes about the crises of long term entrepreneurship and innovation. In this cases maintenance is the key, if we lose that, no way we will succeed even though we are entrepreneurship oriented.

Other author and publications that predict about the end of capitalism and entrepreneurship, the inefficiency of this system are : Entrepreneur Europe magazine: The end of entrepreneurship as we know it?; The Dark side of Entrepreneurship:2018? (Orendorff, 2018).

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