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ALLEVIATING POVERTY THROUGH ENTREPRENEURSHIP: HOMO ENTREPRENEUR, ENTREPRENEURIAL CULTURE, AND STATE

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A better/richer economy and society requires better people and systems in a moral (value), emotional, intellectual, and creative sense.
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Abstract

Creating economic well-being considers entrepreneurship as a basic factor. Improving entrepreneurship improves economic well-being/wealth at all levels of aggregation: individual, family, social community, state, and world civilization. Improving entrepreneurship means applying knowledge and understanding its causal factors. It is essentially a psychological, socio-cultural, and political-economic phenomenon. As a psychological/mental phenomenon, it can be recognized in individual conative (value), emotional-motivational, intellectual, and behavioral characteristics of people who start businesses (characteristics of enterprising persons/homo entrepreneur). As a social/cultural phenomenon, entrepreneurship recognizes social attitudes and behavior (culture), manifested as a mentality as a key success ingredient. As a political-economic phenomenon, it recognizes the importance of the political-economic situation, that is, in the actual resource support of state institutions, the absence of obstacles/disincentives for entrepreneurs, and in economic policies, practices, and habits that stimulate entrepreneurial ventures and economic growth. The results of the discussion about the individual, socio-cultural, and political-economic characteristics necessary for an entrepreneurial (creative) society have several outcomes. In the context of poverty alleviation, there is indicated the necessity of cultivating/internalizing: a) specific characteristics of entrepreneurs that make up an entrepreneurial person/homo entrepreneur, b) specific entrepreneurial values - cultural characteristics that form an entrepreneurial culture/mentality, and c) specific political-economic entrepreneurship prone characteristics/behavior of the state (state institutions) that form an entrepreneurial state. In such a context, management solutions for entrepreneurial/economic development improvement should suggest an integral strategy for poverty alleviation. Such a strategy should have different levels of aggregation from the individual to the global civilization of the human species.

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1 INTRODUCTION

Overcoming poverty/scarcity in any form (material, mental) can only happen through wealth. Wealth is not only a natural creation (so-called natural wealth). It is human creation dominantly. It is easier to create wealth in an environment rich in natural resources (water, energy, suitable climate, fertile soil, food from nature, e.g., the ocean) than in an environment poor in natural resources. Areas with scarce natural resources and extreme climates (e.g., extreme heat, extreme cold) unsuitable for human life are traditionally economically underdeveloped (Landes, 2003). Therefore, in human society, wealth is a synergy product of intangible resources (ideas, knowledge, work, organization, and support of institutions) and tangible/material resources (existing natural resources and created capital in the past, e.g., accumulation of material, financial, and human capital). J. B. Say noticed this in 1803 in his work "Treatise on Political Economy". He singled out entrepreneurship (as a source of entrepreneurial profit) as the fourth factor of production, i.e., wealth (Buble & Kružić, 2006, 3 according to Jean-Baptiste Say, 1803 according to Lippincott, Grambo & Co., 1855). The purposeful initiation and development of business-oriented to profit live the essence of entrepreneurship (Dollinger, 1995 according to Cole, 1959). In the context of poverty alleviation, it is a key tool that characterizes the ability to make successful entrepreneurial decisions when there is no appropriate decision model or rule or when incomplete or unavailable data are required (Casson, 1990). At the same time, the so-called entrepreneurial spirit, which is the intention for human progress, development, changes, and achievements, empowers and motivates people, organizations, and societies. Entrepreneurship can fundamentally improve human lives in the context of achieving the desired material and socio-psychological well-being.

The most significant knowledge of economic history has not substantially changed from Adam Smith and his classic work The Wealth of Nations (1776). David Landes (1999, 2003) tells us that in poverty reduction, i.e., creating wealth, the factor of humans is crucial. So, we should never give up. There are no miracle-working and shortcut solutions. There is no perfection, neither a golden nor an apocalyptic economic age. Attitudes should be constantly re-examined, avoid dogmas, listen carefully, and observe, explain, and define goals to better choose the means to achieve wealth and well-being (Landes, 1999, 524). For economic and business progress it is *necessary the existence of people who are against reason!* (George Bernard Shaw's remark). Namely, the prudent people adapt to the world - therefore also to the things which are essentially backward/primitive/anti-modern), and such unreasonable/crazy people do not give up in attempts to adapt the world to themselves (Handy, 1998, 4-5). Steve Jobs similarly stated in his famous (iconic) oration: *The people who are crazy enough to think they can change the world, are the ones who do*. (Brokop, 2013).

The assumption of wealth is, therefore, human capital, i.e., creative ability (inventive - innovative ability), the desire/will/motivation to create wealth/economic progress, and the mental and educational state of their creators (because the human mind primarily creates wealth/money). Therefore, if there is no creative ability, motivation, idea (idea about how to make wealth/money), knowledge of how to do it, knowledge of aggravating circumstances (unsupportive environment/unfavorable circumstances) economic/entrepreneurial idea have no chance to be materialized/monetized. Wealth essentially requires a certain mindset, a long-term way of thinking (Dollinger, 2008 according to Allen 2006), and the so-called entrepreneurial mindset, which can be educated informally or formally. A wealth-creating economy (the so-called "wealth-creating machine") requires the patient accumulation of surplus value (savings) and its meaningful investment in innovative products and services, to produce/create a constant flow of money (income). Therefore, wealth should primarily be created through the creation (production) of new products and services (Hutzinger, 2021), which is the task of entrepreneurship and innovation, and secondarily redistribute the created wealth (to alleviate the poverty of poor people and communities) according to some of the distribution principle.[1] At the same time, entrepreneurship represents knowledge/skills on products and services creation for the market, and innovation is knowledge/skills in the process of commercializing an invention (new product/service).

From the entrepreneurship perspective, the problem of poverty is that poor organizations and people (regardless of the appearance and level of aggregation, e.g., state, enterprise, family) do not find a way out of poverty creatively (Sutter, Brutton & Chen, 2019). Creative way means the creation of so-called active income (according to entrepreneurship and innovation modus) but in other modus of income, such as wage labor (as a rule, the poor people work long and hard as a workforce for low wages, so this is not an optimal way to overcome their poverty and poverty of their families). Other wealth-collecting methods that do not concern the creation of new values, but the redistribution of existing values often uses rent-seeking policy, games of chance, war as a profit maker, and crime/illegal/amoral activities. Sometimes neutral creative passive solutions without regard to the new value creation, e.g., already created assets for the collection of so-called passive income, e.g., rent on a property, rent on authorship, natural rent, or similar on rent-based income.

Entrepreneurship is the result of the interweaving of social, cultural, ideological, religious, ethnic, institutional, and psychological relationships (Bogdanović & Cakić 2017; Bogdanović, 2016; Bogdanović & Svržnjak, 2008). Personal theories of entrepreneurship are the sources of such an approach. It should consider at least three variables:

1. *Entrepreneur*, i.e., *entrepreneurial person/homo entrepreneur* in their psychological characteristics essential for entrepreneurship,
2. *Culture:* Entrepreneurial culture/ entrepreneurial cultural climate is a way of thinking, believing, and behaving in society toward entrepreneurship and entrepreneurs in positive, neutral, and negative ways. Namely, each society has a specific cultural climate and “entrepreneurship mentality”.
3. State: An *entrepreneurial state* is an organizational form of society and a political-economic entity that gives or does not give adequate institutional support to entrepreneurs and entrepreneurship in general with a specific relationship towards economic growth.

This paper substantively deals with the explication of these three synergistic substances in the context of understanding the factors that influence entrepreneurial success (the success of an entrepreneurial venture) concerning poverty alleviation through wealth creation. In the context of supporting and stimulating entrepreneurship, the ultimate socio-economic goal is a stimulating entrepreneurial environment (culture, state), which, in addition to the psychological characteristics of a homo entrepreneur, is a significant factor in achieving wealth. Therefore, it has a high potential to alleviate poverty.

This paper aims to answer the question of how to meaningfully understand and manage entrepreneurship factors to achieve economic development, i.e., create wealth and thus reduce poverty. Factors that make up the basic structure of the paper are:

a. *Psychological factors of entrepreneurship* that create homo entrepreneurial personality, so are potential factors of wealth creation (personality traits, abilities, entrepreneurial knowledge and skills, psychological capital, entrepreneurial talent/intuition), the so-called “psychological resources” of the entrepreneur/homo entrepreneur.

[1] Poverty alleviation is impossible without economic development, i.e., entrepreneurship and innovation activity, but also it can help adequate distribution theory and practice. It can exist in very wealthy societies because of distribution (a small number of extremely rich and a huge number of extremely poor people) (United Nations Development Program Bureau for Development Policy, 2011). Distributive principles primarily depend on the ideology of justice, e.g., primitive/advanced form of communist justice, positional/distributive justice, exchange/commutative justice, labor justice, solidarity justice, capitalist justice, social Darwinism justice (Visković, 1981, 147), procedural, compensatory justice (Bowles & Edwards, 1991) are out of broad explication and discussion here. A conclusion about this topic is that no one society has yet solved the problem of adequate (optimal) distribution because of very different ideologies of distribution. There is a need for a universal distribution ideology.

b. *Cultural factors of entrepreneurship* are potential factors of wealth creation (a series of social/ethical characteristics that can stimulate or discourage entrepreneurial activity), and are elaborated as cultural factors of socioeconomic orientation, education, institutions, and culture/ethics of work, learning, and love which create actual cultural climate towards entrepreneurship/ entrepreneurs.
c. *Political and economic factors of entrepreneurship as potential factors of wealth creation*. These factors provide legal, financial, and political support. They manifest state policy and reflect the behavior of institutions towards entrepreneurs. This factor is unavoidable in entrepreneurial and socioeconomic development, and thus in reducing poverty.

The combined action of the three potential factors (entrepreneurial people/home entrepreneurial, entrepreneurial culture/cultural climate/ethics, and entrepreneurial state/society) of wealth, are prerequisites for a better economy and a better society with less poverty. The next sections discuss key elements of wealth creation through entrepreneurship.

2 ENTREPRENEURIAL PERSON/HOMO ENTREPRENEUR

A human being is a blessed economic resource because only humans create new/surplus value. Perhaps, artificial beings/artificial intelligence (AI) could do the same in the future. We can state that because material assets (financial and material/physical tangible resources), although considered the most significant entrepreneurship factor for wealth creation, they are not enough. Humans (human abilities in combination with human work) create wealth. At the same time, human beings can be a limiting factor of entrepreneurial investment, the possibility of competition, profitability, growth, and development of an entrepreneurial venture, if they do not have the necessary entrepreneurial qualities or specific characteristics needed for wealth creation. Without an entrepreneur (capable and motivated) neither surplus value nor capital can grow.

Psychological factors of entrepreneurship refer to the resources found in the entrepreneur himself because, without entrepreneurs and entrepreneurial qualities in the physical person (human entrepreneur/homo entrepreneur), there is not, and cannot be any entrepreneurial activity. Through education, every society tries to socialize and train its population in numerous life roles, one of which also should be the entrepreneurial-innovative (creative) social role. The result of socialization in the direction of growth and development of entrepreneurial potential is enough quality entrepreneurs (capable and motivated). A successful entrepreneur (capable and motivated) is a scarce resource. According to Small Business Administration in the USA, (2023) only 0.4% of Native Americans are owners of an enterprise (Apolotechnical, 2023). A capable entrepreneur in this context refers to intelligence (cognitive and emotional), specific personality traits, and specific entrepreneurial knowledge and skills. A motivated entrepreneur in this context represents his willingness, as a leader, to contribute significantly to the realization of an entrepreneurial venture in the form of a one-time project (according to the project approach) or management of a newly founded company (according to the process approach). For the creation of wealth through entrepreneurship, the so-called psychological resources of entrepreneurs are crucial:

a. *Intelligence, reason, cognitive mental abilities.* A few studies on the connection between intelligence (cognitive abilities) and entrepreneurship findings are significant. It was determined that *perceptive speed and calculation ability* are important for the entrepreneurial personality type (Kanfer, Ackerman & Heggestad, 1996; Ackerman, Kanfer & Goff, 1995), *average general intellectual ability* (Krapić, Kardum & Krištofić, 2008), *entrepreneurial talent* (Cingula & Veselica, 2010), *ability to use other people's knowledge* (Vukotić, 2015), i.e., which is the area of using specific knowledge management (North & Kumta, 2014). For entrepreneurship, personality traits proved to be more important than intelligence (cognitive ability).
b. *Personality traits determine the values and motivational qualities of the entrepreneur.* Motives, desires, behaviors, and efforts of successful entrepreneurs are different from

other individuals, namely, people differ from each other in their entrepreneurial capacities, and researchers believe that the source of this is a specific entrepreneurial personality (Bogdanović & Cakić, 2017; Markman & Baron, 2003; Holland, 1997). In that research field, researchers investigate the main five personality traits and their connection with entrepreneurial personality. From the research, with high certainty is clear that the most significant trait for entrepreneurship is *extraversion* (dominant, optimistic, adventurous, vital, seeking pleasure, ambitious, self-confident, social, and popular people, so entrepreneurial professions strongly attract extroverted people (Costa, McCrae & Holland, 1984). *Neuroticism* (timid, sad, anger, and hostile, sensitivity to negative feedback, hopelessness, discouraged people by small failures, sensitivity to stress and anxiety) is not positively related to entrepreneurship because people with such traits do not cope well with business pressures as which are high workload, making critical decisions, uncertainty, and financial difficulties (Shane & Nickoleau, 2013).

According to Roccas, Sagiv, Schwartz & Knafo, (2002) discovered correlations between psychological traits and entrepreneurship: openness to new experiences (a positive and neutral connection), agreeableness (both a positive and a negative), conscientiousness (contradictory results), although they are individually interesting. The stated findings are inconsistent because they were either negative or positive, either contradictory related to entrepreneurship (in one part of entrepreneurial activities they encourage, and in another part of entrepreneurial activities inhibit entrepreneurship, e.g., the trait of conscientiousness).

c. *Psychological capital characterizes emotional intelligence in the sense of mastering the personal emotions and motivation of the entrepreneur (Newman, Ucbasaran, Zhu & Hirst, 2014).* Psychological capital is a newer concept of the resource-oriented theory of the enterprise. It explains the sources of sustainable competitive advantage in the strategic human capital resource while emphasizing psychological capital, i.e., self-efficacy assessment, optimism, hope, and resistance to stress/failure. It is established that it positively relates to entrepreneurship and the success of new business ventures (Leonard, 2016; Newman, Ucbasaran, Zhu & Hirst, 2014). In addition to personality traits, the psychological, i.e., motivational resource of entrepreneurship is significant, and it is similar to some contents in the concept of emotional intelligence in terms of the ability to solve personal emotional-motivational problems, i.e., *self-motivation*, *dealing with frustrations* and *other people emotions* (Levi, 2014).

d. *Internalized values and attitudes are also often called "mindset".* Socialization and the influence of the environment can also have a significant role in the development of entrepreneurial "spirit" and entrepreneurial activity (Bogdanović, 2012). That is evident from experience and research, e.g., the entrepreneurial spirit (as a cultural trait) is more prevalent in the USA than in transition Balkan countries (Repić & Crisonino, 2015). The empirical data of individual entrepreneurship researchers assume that internalized awareness of the difficulty of living and earning is significant for the development of the entrepreneurial spirit (Pihie & Bagheri, 2013) and that entrepreneurship is a reaction to difficult living conditions, the so-called *the energy of suffering, trouble, and scarcity, the energy that is needed for survival* (Vukotić, 2015). It is an interesting fact that may support the hypothesis that in the USA in 2017, 17% of business owners were immigrants, and in 2023, 0.4% of Native Americans and 17.7% of minorities (Apolotechnical, 2023). For the development of entrepreneurship, a stimulating environment, a kind of specific socialization, which encourages people to take responsibility, makes them independent, and motivates them to undertake entrepreneurial ventures, is essential. A tendency to laziness and easy living would therefore be as unprosperous socialization and value-motivational characteristics detrimental to entrepreneurship. It is significant to note that *ambition* and *persistence* should adorn every entrepreneur.

e. *Intuition and undefined innate entrepreneurial talent.* Some authors also mention an entrepreneurial feeling, an intuition, a tendency that could be classified as a specific entrepreneurial talent, which is innate as well as an artistic tendency, which one cannot learn, just as “innovation and excellent new product creating cannot be learned" (Cingula & Veselica, 2010). Namely, such individuals (judging by anecdotal entrepreneurial stories) already from the earliest age (primary school), have "entrepreneurial feeling", and start their small businesses (even in environments not inclined to entrepreneurship), e.g., selling agricultural and other products, trying to benefit from their business activities (Frlan, 2010), they have an "innate" inclination to business and earning. Although there are literary and anecdotal reports and personal experiences about it, as far as the author knows, there is no systematic research on this intuitive and innate aspect of entrepreneurship.

f. *Specific entrepreneurial knowledge and skills.* Also, a significant psychological factor of entrepreneurship is the *knowledge and skills* that an entrepreneur must be successful in his job (Cingula & Veselica, 2010). They are internalized through formal, informal, schooling, and practice. Learning about entrepreneurship also has a significant role in creating an "*entrepreneurial spirit*" and culturally trains the young generation to think entrepreneurially and so ensure future existence, e.g., with linear (from wage labor) and residual income (from past work and entrepreneurial work).

For the success of entrepreneurship, psychological resources (resources of the entrepreneur) are therefore at least as important as financial ones because the entrepreneurial character has a key influence on entrepreneurial decisions and behaviors (Logoherel, Callot, Gallopel & Peters, 2004).

The base entrepreneurial motivation of an entrepreneur is not only psychological but also material. To enter the world of entrepreneurship it is significant to have the perception that an entrepreneur can make a good living from entrepreneurship and stay in that business and experience entrepreneurial success (Robichaud, McGraw & Roger, 2021; Kuratko & Horsley, 1997). Economic freedom with low entrepreneurial costs here is essential. Therefore, "entrepreneurial spirit/mindset“, entrepreneurial intuition, entrepreneurial personality traits with some specific entrepreneurial knowledge, and a feeling of economic freedom are essential entrepreneurial factors. Together they condition entrepreneurial motivation. The perception of the possibility of earning/living from entrepreneurship (the so-called feeling of good chances of success) is important for the entrepreneurial motivation (entering the entrepreneurial world), where the following are significant:

a. Characteristics of the entrepreneur's personality
b. Entrepreneur's abilities. In addition to mental abilities, physical abilities, and vitality can be included, which manifest as life and work energy.
c. Entrepreneurial knowledge and skills

discuss these entrepreneurial traits in more detail below.

2.1 Entrepreneurial Personality and Entrepreneurial Interests

There exists an entrepreneurial type of personality, that is the personalities that distinguish entrepreneurs from non-entrepreneurs. According to Holland's theory (1997), entrepreneurial personality has higher results on the:

- Internal locus (place) of control.
- Goal orientation.
- Creativity.
- Tendency to risk.
- Need for achievement.
- Marketing abilities and sales skills (designing and furnishing products for sale, defining appropriate prices, promotion, selection, and organization of the selling spots, and operational implementation of sales of goods and services to other people, after-sales services).

Research has shown important relationships between five (N=5) key personality traits for entrepreneurial success (Kerr, Kerr &Xu, 2018). So, the general description of entrepreneurial personality says that entrepreneurs have a high level of conscientiousness, emotional stability, extroversion, assertiveness, and "hard intention" (Lounsbury, Smith, Levy, Leong & Gibson, 2009).

So, all of the top 5 personality traits (extraversion, neuroticism, openness to experience, agreeableness, and conscientiousness) are to be somehow related and predict success in entrepreneurship (either positively, neutrally, or negatively). Extraversion relates to entrepreneurial interests (DeFruyt & Mervielde, 1999; Barrick & Mount, 1991), and neuroticism is significantly negatively related.

Agreeableness as a personality trait is controversially related to success in entrepreneurship and seems to be dependent on the cultural milieu (some studies of Western provenance indicate a negative correlation, and from the area of Sudan, Africa (Baluku, Kikoma & Grace, 2016) a positive correlation, which requires additional research). Research on a Croatian sample showed that personality traits predict as much as 26% of the variance of entrepreneurial interests, where extraversion proved to be dominant (Krapić, Kardum & Krištofić, 2008). The same research shows that entrepreneurial types significantly overlap with personality, so entrepreneurial tendencies and interests can only be predicted using personality traits.

Entrepreneurial interests predict to a greater extent in comparison with personality traits, i.e., extraversion, and to a lesser extent by intelligence. Extroverts are social, assertive, active, strong, energetic, and adventurous (Kendra, 2023), and the desire to influence others and achieve organizational goals or economic rewards is their basic motivation, so they prefer social and entrepreneurial jobs that best ensure the satisfaction of their basic motives. Therefore, extroverts with behaviors focused on activity, strength, and adventure are more inclined to entrepreneurial jobs that require them to lead and convince people.

These findings point to the need for psychological testing (especially extraversion, which is positively related to entrepreneurial success, and neuroticism, which is negatively related to entrepreneurial success) (Awwad & Al-Asser, 2021) to support entrepreneurial training programs.

2.2 Entrepreneurial Abilities

Although rare studies provide data on the connection between intelligence and entrepreneurial interests, their findings are quite consistent. Intelligence does not relate to entrepreneurial interest, and according to some researchers (Ackerman & Heggestead, 1997), negative correlations are between abilities and entrepreneurial interests, except for perceptual speed and calculation (Kanfer, Ackerman, Heggestad, 1996; Ackerman & Heggestad, 1997). Since the common feature of entrepreneurial jobs is their less demanding ability than jobs from e.g., research or realistic domains (e.g., engineering jobs, medical-veterinary jobs), it is more likely that entrepreneurship will be preferred more often by individuals with average abilities (Krapić, Kardum & Krištofić 2008). In this context, entrepreneurship should include individuals with average, and not very high intellectual abilities, because it is more likely that they will quickly get bored with entrepreneurship, because of the discrepancy in their intellectual capabilities. Namely, intelligence proved to be the most significant factor in predicting vocational choices and development. Therefore, entrepreneurship does not require above-average intellectual ability, but it undoubtedly requires entrepreneurial talent and creativity, which are largely innate (as well as artistic expression). Namely, systematically producing top quality in anything usually is not possible, but is regularly self-produced, which points to the innate nature of such traits.

Success in entrepreneurship requires combined psychological resources, which most likely represent a combination of not only abilities but also personality traits and interests. Although vitality (high work/emotional energy) is mentioned and measured in the context of personality traits and emotional intelligence (Simons & Simons, 2000), it is a physiological ability of the organism and is highly correlated with physical energy and health. Namely, it is known that some people are slow and indolent (have low work/emotional energy), while some people are fast and hyperactive (have high work/emotional energy), which is necessary for entrepreneurship (in literary terms, "entrepreneurship requires the energy of youth, hyperactivity!").

These findings point to the need for psychological testing, especially calculation ability and perceptual speed, as well as evaluations/ assessments or tests of vitality/emotional energy as support for entrepreneurial training programs.

2.3 Entrepreneurial Knowledge and Skills

In addition to courage and willingness to take risks, extraversion, and natural talent, an entrepreneur's success is always the result of certain knowledge and skills. Although it is not easy to answer what kind of knowledge an entrepreneur needs, it should be diverse and comprehensive. An entrepreneur needs to have different knowledge and skills. Cingula & Veselica, 2010 mention different dimensions of entrepreneurial knowledge such as

a. *economic*; In the economic dimension, an entrepreneur should:
   - know the market, especially the relationship between supply and demand for the products and services it offers.
   - know the financing mechanisms and costs of using someone else's property, regardless of whether it is permanent or temporary.
   - understand relations with suppliers and with his customers.
   - understand the behavior of the workers they will hire.
   - understand the behavior of people in the local community.
   - understand the behavior of people in state institutions.
   - know how to communicate with all stakeholders regardless of the size of his undertaking (diplomatic skills).

   Acquisition of the knowledge and skills can be done formally or informally. Although it is perhaps easier to acquire formally (by formal organized study), today (2023), college degrees (formal education) in the USA seem to be less significant to entrepreneurs as regular employees (Apolotechnical, 2023). According to Guidant Financial, about 30% of entrepreneurs only finish high school, 31% have an associate degree, 17% have a bachelor's degree, 18% earned a master's degree, and 4% have a Ph.D. (Apolotechnical, 2023). Good formal education can help many career paths but seem not crucial for entrepreneurship. Without informal learning (entrepreneurial experience), and a very good high school, it is suggested that the formal education needed for an entrepreneur should be at the level of a bachelor's degree. Supplementary schooling is needed either in informal education continuation or formally through seminars. They relate to specific business issues: business planning, business psychology, business finance and accounting, commercial/business law, use of computers in business, etc. Programs for developing entrepreneurial business intelligence, operationalizing entrepreneurial ideas, and the like are also possible.

b. *managerial*; An entrepreneur (especially if he manages a micro or small business) has to perform a series of managerial jobs and tasks, so his knowledge does not differ from what a manager in a large company needs to know. These are, e.g., setting strategic goals, planning, and using resources, organizing jobs and tasks, selecting, and motivating associates, and controlling all business activities. Within this function, the entrepreneur should have the skills to form a network of business associates (suppliers, customers, and other stakeholders). Specific managerial knowledge (basic and mediation/integrating functions) can be acquired through formal studies (undergraduate, graduate, and postgraduate), but also through shorter programs for the development of specific competencies that an entrepreneur-manager should have.

c. innovative; Inventive-innovative giftedness, although it is not possible to directly acquire through formal education, like entrepreneurial talent is innate to gifted individuals, it can be encouraged through education (upbringing and education) from childhood. For an entrepreneur in the age of the Internet (Yenchun, Shih-Chih & Chia-I, 2019) it is important to learn to innovatively recognize, store, and search for relevant information because this opens space for encouraging entrepreneurial innovation and new entrepreneurial activities and ventures.

d. ethical; Entrepreneurship implies, at least, a minimum of business ethics and social responsibility. Some authors even think that business ethics is crucial, even more important than profit, for all businesspeople (Sikula, 1996). Therefore, even in the formal educational system teaching basic standards of behavior that are acceptable in the socially responsible behavior of entrepreneurs and large corporations is obvious. State institutions and/or communities should also punish deviant and criminal business behavior, even socially unacceptable (socially harmful) behavior of individual socially irresponsible/ amoral/ anti-moral entrepreneurs. Future entrepreneurs are to obligate ethical business values and behavior.

Technical-technological, economic, and legal knowledge along with knowledge of business psychology, computer literacy, and business ethics are part of the processes of formal college education. After the completion of formal education, the entrepreneur can and should constantly work on improving himself (informally through seminars or self-taught learning) in all dimensions that make him a successful entrepreneur. The main entrepreneurial motivation stimulates the knowledge of monetization (quickly and profitably).

Summarizing all these findings can be concluded that diverse psychological resources are key factors of entrepreneurship, and they are essential in creating wealth i.e., poverty alleviation.

3 ENTREPRENEURIAL CULTURE

Modern political, social, and economic problems cannot be isolated from values, so the nation's vitality is primarily the value problem (Landes, 2003 according to Clesse). Social values are extremely important for entrepreneurship and wealth creation (Bogdanović, 2012; Bogdanović, 2011), and therefore also for poverty alleviation. The selection of the economic system at the end depends on the sociological and political philosophy that decides on the selection of the dominant scale of values as the dominant moving force. Namely, the economic system depends on social and political philosophy that supports him and decides about the dominant value system (Lukšić, 1995). Cultural values are key to human and economic life (Kulić, 2009). Without appropriate cultural values the nations are convicted to extinction (Kulić, 2011), and people and their cultural values depend on the functioning of the institutions which are basic for socioeconomic development (North, 2003). The values in general represent moral standards that tell people how they should feel (feeling component), what they should aim for (motivational component), and how they should behave (behavioral component). The values also show why people do certain things (synthesis of the purpose of action), and if those things are acceptable or unacceptable from some value-moral point of view, and the values are represented by the individuals, groups, organizations, societies (Bahtijarević-Šiber, Sikavica & Pološki-Vokić, 2008, 535), but also globally so we can talk about universal values.[2]

The economy participates in society’s system of values and accepts the dominant code of values (Lukšić, 1995, 185). Therefore, identification and understanding of the basic elements of economic development include analysis and mobilization of modern political, social, and economic problems, which are inseparable from the values. Namely, the conclusion of the researchers about people’s wealth/poverty is that since the age of Adam Smith (1776), there has been no new light on the above-mentioned problem, it is primarily in the culture (Landes, 2003) or in the defined system of values. Developed countries (e.g., Germany and Japan) realize that values (e.g.) reliability, punctuality, discipline) should be educated because they are crucial for economic growth (Jašić, 2000 according to Herzog).

According to Khandel & Mohendra (2010, 20), the values in this context can be viewed on the macro concept (the level of the society) or the micro

[2] Defined universal cultural values which are present in all cultures and all time periods are: wisdom and knowledge (curiosity, desire to learn, open mind and critical thinking, creativity), boldness (persistence-diligence, integrity-natural behavior-honesty/fairness, vitality-enjoying life-passion-enthusiasm), humanity (generosity, love for others and letting others love us, social/emotional and personal intelligence), justice with different contents: social responsibilities with sub elements (being a citizen, social responsibility without personal gain, loyalty, team work, craftsmanship); honesty and morality; the ability of leadership as a part of character, moderation which contains: self-control and self regulation of someone’s behavior, common sense (the ability to predict the consequence of our decisions) modesty/humbleness and forgiveness/charity) and transcendentalism (gratitude, hope and optimism, humor and playfulness, respect for beauty and excellence, spirituality/religion) (Bogdanović, 2013; Miljković & Rijevec, 2006).

concept (the level of the individual) even though the values can be studied on the mezzo level (the level of the organization and social groups of different sizes). Namely, it is practically impossible to speak about only one level of values because personal values (the micro level of values) are interwoven with the values of different social groups where there is, for example, business organization (the mezzo values) and national and universal values (the macro level of values). The psychologist stated that personal values are essential for human motivation because they determine the emotional-motivational orientation and mediate the ways of living and working (Pastuović, 1999.). Landes (2003 according to Clesse, 12) pay special attention to the difference between different people/culture regarding wealth or poverty. He concludes that such differences in wealth is primarily the differences in their values. The differences in the economic development of societies (nations) are in the specific characteristics of these societies in cultural, value, and institutional sense (Bogdanović, 2011, 68). Cultural characteristics of individual societies come from the way of life of their members, that is from the way of dealing with problems of life and living. The way of life and the corresponding socialization (upbringing) form socio-psychological characteristics of individuals and social groups that then form economic thought and systems. Therefore, socio-psychological characteristics formed that way (upbringing) are the crucial factor in economic development. Culture (and values) are the key to human and economic life (Kulić, 2009).

Namely, it is becoming clearer that the ethics of everyday behavior or the codex of behavior (e.g., rationality, diligence, take-charge attitude, honesty, seriousness, thriftiness, efficiency, patience, urgency, neatness, etc.) lead to economic success, and opposite characteristics to the economic failure. For economic development, the key element is the upbringing of people of certain characteristics. Also, the deciding factor of the economy and any other society's success is the quality of those who make and carry out decisions, so their value of socialization is very important from the economic point of view. The functioning of institutions is the basis of socioeconomic development beyond the organization and depends on people and their system of values (North, 2003). According to the definition, upbringing is learning of motives, values, and interests, where the stronger component is will and attitudes whereas the stronger component is the emotional one. This is important because it determines the emotional-motivational direction, and it mediates the ways of life and work (Pastuović, 1999). E.g., for economic development, it is relevant what kind of "spirit" most people in a certain society were socialized (e.g., if the dominant philosophy was "Live to work" or the other way around "Work to live"). In the context of the formation of human capital, upbringing is the key factor for economic advancement and development. The key element of education and development is an orientation towards values (e.g., Germany and Japan) through which the virtues which have meaning for development e.g., reliability, punctuality, and discipline are mediated (Jašić, 2000, 199 according to Herzog). Then according to the dominant virtues of a certain society (internalization of certain important values is a part of human capital) we can predict well their economic success, wealth, or poverty (Landes, 2003). Ethics that internalize specific values and culture for economic development are the regulation system of human behavior in the sense of "the philosophy of desirability". To develop important economic characteristics of human capital (e.g., take charge attitude characterized by many economic initiatives) they need form and support by specific generally accepted cultural values. Values of prosperity (e.g., the sense of duty, responsibility for those beneath and above you, diligence, work, integrity, and similar) will guide society towards socially valuable aims (e.g., the production of quality goods and services) from social, economic, and political supporting institutions.

A personal initiative can be encouraged (e.g., supported enterprise, personal freedom, autonomy, individuality, and economic security) or discouraged (e.g., autocratic, oppressive, exploitative, arrogant, and rapacious behavior of the elite operational through the institutions). Different cultural climates form the government that tries to attract enterprise and its income from the climate formed by indifferent, arrogant, and rapacious (corruptive and based on rent).

Therefore, the first step for economic development is to set and internalize the primary social goal of economic prosperity with the help of its own (national) forces (so from within and relying on itself). That is a value category (Bogdanović, 2012). If that is the goal, to achieve it we need to form people of certain characteristics (raise and educate), and if, at the beginning, that is not enough, we should attract such people with different benefits. While doing that the basic principle of every rational economic development is that it is desirable to build the society and its economy on the culture of work and creation, and not on the culture of plunder, rip-off, and demanding of rent (redistribution). This fragment concludes that economic development is impossible without social (cultural), which means without a specific value system (Bogdanović, 2012). Table 1 summarizes cultural values that characterize societies of economic prosperity and societies of economic stagnation.

From cultural descriptions of economic development and stagnation, it becomes obvious that culture is a complex construct described by using numerous characteristics (Bogdanović, 2012). In addition to the above, it is possible to determine some other characteristics for economic development. For example, an important cultural factor in the context of economic development and entrepreneurial success is trust (Bogdanović according to Fukuyama, 2000, 59). The essence of all the mentioned cultural data is in human resources and their culture (upbringing), and the social institutions based on them (Bogdanović, 2012). People with internalized values, social goals, and institutional behavior appear to be crucial for economic development (table 1). If the social elites accept the values as immanent/significant for the socio-economic development initiation, stay the question of their operationalization, that is, of internalizing the attitudes, values, and habits of a base of human resources through education.

Table 1. Cultural values of economic prosperity and stagnation

THE CULTURE OF ECONOMIC PROSPERITY	THE CULTURE OF ECONOMIC STAGNATION
Education is on a high level, it creates an informed and able workforce, prone to learning and self-improvement.	It does not create an informed and able workforce. Rejects/doubts new ideas and technologies. Society is not prone to learning and self-improvement; it does not appreciate the knowledge of its members.
Dedication to work, diligence, thriftiness, no pretentiousness, honesty, neatness.	Attachment to wealth, laziness, wastefulness, pretentiousness, dishonesty, and untidiness.
Very busy society, constantly on the move and changing.	Static, rigid, underemployed society, society in an “intellectual cage”, changes do not happen easily.
An efficient government/state management recognizes the strong sides of other nations and adjusts to that.	Inefficient, incompetent government, corruption, bribery, rip-of “normal” social occurrences, and the existence of the rule of thieves.
It emphasizes equality and a larger middle class.	It emphasizes hierarchy (a few people at the top and a large low class).
It develops institutions with representatives.	Despot institutions.
Productivity and efficiency are the most important. “It does not matter if the cat is black or white, it is important that it catches mice!”	It discriminates based on irrelevant criteria (sex, religion, race, etc.) Intolerance, superstition, ignorance.
Encouraging initiative, urgency, and competition, excitement about something new.	Suffocating initiative, nourishing hypocrisy and not being open.
Suppression of pride for the greater good, fear of dependence on foreign production.	Pride, self-contentment, a paradox of the complex of superiority, not learning from others.
Optimistic and open culture.	Pessimistic closed culture.
People live to work.	People work to live.
Rational, important are facts and the truth.	Irrational, the motive and ideology are significant.

THE CULTURE OF ECONOMIC PROSPERITY	THE CULTURE OF ECONOMIC STAGNATION
Thriftiness, rational use of resources.	Lavishness, irrational use of resources.
Positive attitude towards modernization and industry.	Negative attitude towards industry and modernization.
Valuing work and sense for the goal.	Indifference/contempt towards common well-being, good management, and people.
Enterprise is an important and respected social factor.	Insecurity of enterprise.
Sense of commitment and duty.	Sense of obedience, satisfying vanity, spiritual homogeneity, doing something behind someone's back, being mean, feeling hopelessness, desperation.
Resourcefulness, imagination, full of ideas.	Lack of ideas and imagination.
Without prejudice.	A lot of prejudice.
Flexible, skillful.	Rigid, unskillful.
Inclination to earning and saving.	Inclination to spending and hedonism.
Curiosity, enterprising spirit, resourcefulness, being energetic, and activity.	Passiveness, lack of activity
Productivity.	Lack of productivity.
Social, cultural, and technological preparedness to use the money efficiently.	Lack of ability to use the money efficiently.
Direction to concrete, details, and precision, clarity is "the king".	Direction to general, abstract, not being precise, being unclear, manipulation.
Good relations between workers and management.	Bad relations between workers and the management.
Institutions are inclined to entrepreneurs.	Institutions are not inclined to be entrepreneurs.
Entrepreneurs have financial support from institutions.	Financial institutions are not interested in helping entrepreneurs.
Work, profit, and operational efficiency are social values.	Contempt towards business and economy (store and office).
Enterprise is a general trend, a part of the culture.	Enterprise based on distinctive individuals.
A society that has a program and a vision of economic development.	A society that has no program or a vision of economic development.
Creative-productive orientation.	Retail orientation.

Source: Bogdanović (2012) according to Landes (2003), author preparation and editing.

The mentioned social internalization (education) is possible in stages, and very similar educational mechanisms are already present (Bogdanović & Požega 2014) in the most developed countries of the world, Germany, and Japan (Bogdanović, 2005; Bogdanović, 2011):

a. Defining the long-term entrepreneurial socio-economic orientation (vision and strategy).
b. Schooling will support entrepreneurial-developmental values because this is where the strongest internalizing cultural effects can be obtained.
c. Conversion of the behavior of administrative, financial, and political institutions as facilitators of entrepreneurship.
d. Operative providing a general culture of work, knowledge, love/trust as a permanent process at all levels.

So, as a key factor in entrepreneurship, the culture of the society in which the entrepreneur lives and works is also important, so it cannot be bypassed in any serious scientific-professional considerations of economic and entrepreneurial development.

4 THE ENTREPRENEURIAL STATE

The success and development of entrepreneurship also depend on the state and the legal system and those people and institutions that manage it. Economic freedom is the key to economic development. Development only ensures the state and the legal system with its supporting institutions. There are numerous for entrepreneurship important institutions: administration, courts, laws, monetary policy, import-export policy, purchase mechanisms, support for entrepreneurs, construction of accommodation and energy infrastructure, search and by finding jobs-markets, creating all kinds of demand, managing taxes, fulfilling assumed obligations, stimulating the banking system for favorable entrepreneurial financing, forming entrepreneurship education centers, etc.

Although a successful entrepreneur sees resources and opportunities where most see problems, even such a unique individual cannot succeed without elementary institutional support from the state and the legal system (North, 2003). This is because the state and legal system is an extremely important entrepreneurial factor in establishing the basic framework of socio-economic activity. That refers to the involvement of institutions at the level of legal, financial, and political assistance to entrepreneurs. Effective entrepreneurship is not possible if there is no real support, legal, institutional, financial assistance, and direct state aid mediated by a political decision which is often needed (e.g., when curbing import lobbies).

Entrepreneurship and economic development are not only technical or economic problems. They are also a political problem, a normative problem in economic science (Samuelson & Nordhaus, 1993). That is why there is a discrepancy between the profession and science on the one hand and economic policies on the other. In less developed and transitional countries, one of the significant obstacles to achieving development is that those who have power, are not truly interested in economic development and those who are interested in development do not have power (Galal, 2012). The combination of power and development interest is a prerequisite for real development achieving. Ignoring the problem of the distribution of power in society eliminates any possibility of achieving a quality diagnosis and realistic development problems. This can be a key demotivating factor in entrepreneurship.

To put it simply, the issue of development and entrepreneurship comes down to the state and the legal system, and those who manage it. Economic freedom for entrepreneurs but, also, all people is the key to economic development needs the state with its supporting institutions. In terms of economic development, therefore, there has not been any new illumination of the factors of wealth and poverty since the time of Adam Smith (1776) and his cult work "The Wealth of Nations", so the state and the legal system continue to play a key role there (Landes, 1999; 2003).

5 CONCLUSION

To alleviate poverty economic development is needed, i.e., entrepreneurship and innovation activity, and adequate distribution theory and practice. This article dealt with the key structural factors of entrepreneurship phenomena and the question of how to manage entrepreneurial factors to stimulate economic development for poverty alleviation. For management/government of economic development based on existing knowledge, three important entrepreneurial areas have been identified:

a. “Homo entrepreneur” and his characteristics (personality traits, abilities, entrepreneurial knowledge, and skills).
b. Cultural characteristics of society create a specific cultural climate/mentality in which entrepreneurial activity takes place.
c. The state is an entrepreneurship master in its institutional, financial, and political behavior.

Necessary psychological resources of entrepreneurs/home entrepreneurs point to the need for psychological testing (especially extraversion, that are positively related to entrepreneurial success, neuroticism, which is negatively related) and intelligence, which should be at an average level with an emphasis on the necessary calculation skills, perceptual speed, and vitality/emotional energy. The qualities are easy to test in entrepreneurial training programs. These findings do not exclude the need to identify entrepreneurial talent and creativity from an early age, but also later so that they can be developed as entrepreneurial capital, that is, quality entrepreneurs/home entrepreneurs. It was determined that entrepreneurs need a lot of different knowledge/skills. They can be classified into economic, management, innovation, and ethical ones. The suggested level of formal-organized education for entrepreneurship is that of the first cycle of higher education. It can be developed as informal or formal, raising formal levels to master and postgraduate studies. In addition to formal education, informal education in the context of lifelong learning is significant for entrepreneurs to maximize the transformation of their entrepreneurial knowledge into new products and services, and money.

Entrepreneurial culture with numerous for entrepreneurship and society important values which create a specific entrepreneurial cultural climate/mentality can be internalized from the earliest age. For economic development are important value changes in the implementation of long-term entrepreneurial socio-economic orientation (vision and strategy); schools as future creators and other important socialization factors, e.g., family, general people attitudes and behavior, institutions, and state behavior (which have a significant impact on value creation and behavior) that can support entrepreneurial and development values. The internalized values have good potential to make conversion the behavior of administrative, financial, and political institutions as facilitators of entrepreneurship, e.g., creating a general culture of work, knowledge, and love/trust at all levels. Cultural transformation in an entrepreneurial society is a long-term activity that supports all relevant socialization factors in the long-term perspective.

The state, through its institutional, financial, and political activities, can and should help entrepreneurial activity using economic freedom and institutional support. That is possible through systematic and supportive action of supporting institutions and mechanisms. Some of them are crucial: administration, courts, laws, monetary policy, import-export policy, purchasing mechanisms, entrepreneurial support in problem areas, building infrastructure, searching, and finding jobs-markets, by creating overall or target demand, managing taxes, fulfilling assumed obligations, stimulating the banking system for favorable entrepreneurial financing, establishing educational centers for entrepreneurship and the like. The activity of the state and the legal system is also crucial for entrepreneurship and economic development/poverty alleviation. If there is no development interest from the state level entrepreneurship will depend only on peculiar individuals. Entrepreneurial culture and state in synergy can achieve full developmental and poverty alleviation potential.

Based on established knowledge and their persistent application, it is possible to accelerate entrepreneurship development by stimulating entrepreneurial entry into entrepreneurial projects, and longer retention of entrepreneurs in business, but also initiating more innovative activities in entrepreneurship by creating prerequisites for entrepreneurial success. Entrepreneurship as a wealth creator proves to be a key factor in economic development and poverty alleviation. To be an optimal and successful precondition is management excellence in governing society and economics in a smart, planned, systematic and long-term manner.

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