



## Is every company a start-up?

Poster authors want to present the idea and characteristic features for organization in early stage of development called start-up. The article is about giving a definition and fundamental differences between start-up and all others newly created companies in business terms.

### Where to look for the essence of start-up functioning?

The keyword in considerations is latin *innovatio* that means *renewal or change*. Implementing change in real life is associated with benefiting and improving social or economic life solutions. Precursor introducing the concept of innovation theory in business field became an Austrian economist Joseph Schumpeter, while researching how technical innovations impact on the economy. Schumpeter presents the possibility of achieving a competitive position and creating a new trend on a given market, by implementing innovations in products, production methods and used technology, researching new markets and new organization of ongoing processes. Theoretician assumptions show that the entrepreneur - innovator is exposed to imitation by the competition by making changes and that will result in dissemination of solutions with simultaneous economic growth of the whole environment. Imitation in this case has a positive effect on economic growth and knowledge commercialization. The transformation of the entire market forces him to look for solutions and new research to improve existing process.

### Start-up characteristics

The start-up term from English has not yet had its equivalent in Polish, but the sense of the word is a relatively young company without a stable and shaped business model. Characteristic features indicating the possibility of being defined as start-up are:

- no specific and stable business model,
- early stage of development,
- Using innovations with high growth potential in a short time.

Other definitions also indicate a temporary organizations seeking its own business path while working in extreme uncertainty conditions. Start-ups can be characterized by their lack of operations history, low or no income, dependence of the entity superior financing the project or high failure risk (44% start-ups falls within 3 years). You should also pay attention to the generated losses that are associated with investments and customer acquisition attempts in initial phase.

### Importance for the economy

By constituting only a small percentage for the entire economy, start-ups exert an unbelievably high influence on its development. Research conducted in the United States shows that 2/3 new workplaces are start-up offers. A similar case is related to the introduced innovations where companies in the early stages of development became prototypes for changes in global corporations often subsequently being bought out to form a department in larger unit. The largest increase is recorded in countries where the percentage of creating new companies based on technology development is highest. Market trends show that enterprises that are in the early stages development have a better chance of introducing radical changes and pointing to new market development directions than well established entities. It is caused by their tendency to risk taking in cases with small possible losses. On a global wave start-up trend, from countries outside the USA, Israel is doing the best, while having the most listed companies on the US stock market.

### Bibliography:

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