



**[Academic Script]**

**Entrepreneurial Development Perspective**

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## **Academic Script**

### **1. Introduction**

In this session we are going to discuss the concept of entrepreneurship, its development and evolution, and comparison with related concepts like Intrapreneur, Entrepreneur, Manager and attributes of successful entrepreneur.

It is rightly said that entrepreneurship is the cause for an effect of an economy. Thus, Entrepreneurship development has to be concentrated first in developing countries. It is rightly said by Rahul Bajaj, who is Chairman & Managing Director of Bajaj Auto, 'If we could have an entrepreneur in every family, India's economy would sky rocket. We would then be able to take our rightful place as an economic super power in the community of nations. Entrepreneurs create jobs. They create wealth. They create products and services.'

Entrepreneur generates economic growth of an economy as an agent, who is playing a key role in the economic development of a country. Each country desires a steady and sustainable growth in the income as well as the welfare. This growth is basically dependent on its entrepreneurs, who run the business firms. They generate income and employment opportunities to remain in an economy.

### **Let us understand the meaning of an entrepreneur**

**According to Khanka (1999),** "An Entrepreneur is an individual with knowledge, skills, initiative, drive and spirit of innovation who aims at achieving goals. An entrepreneur identifies opportunities and seizes opportunities for economic benefits. Entrepreneurship is a dynamic activity which helps the

entrepreneur to bring changes in the process of production, innovation in production, new usage of materials, creator of market etc. It is a mental attitude to foresee risk and uncertainty with a view to achieve certain strong motive. It also means doing something in a new and effective manner."

**According to America heritage dictionary;** "Entrepreneur is a person who organizes, operates and assumes the risk for business venture."

**The dictionary of social science** has defined entrepreneur from functional viewpoint. According to it "entrepreneur is a person 1) who exercises the functions of, 2) initiating, coordinating, controlling or institute major change in a business enterprise and or 3) bearing those risk of operation which arise from the dynamic nature of society and imperfect knowledge of the future which can cast through transfer calculation or elimination."

### **Our next topic is the Concept of Entrepreneurship Development**

Traditionally, entrepreneurship has been defined as a process of new start up business by introducing new technique. It is one kind of ability and willingness to grow and develop a firm with risks and innovations, in order to earn profit. We can understand this term simply through different perspectives:

**According to Natheal H. Leff,** "Entrepreneurship is the capacity for innovation investment and expansion in new markets product and techniques."

Thus, entrepreneurship is an ability of risk taking and organizing financial business enterprise.

**Schumpeter (1939)** describes, "Entrepreneurship as the force

of creative destruction whereby established way of doing things are destroyed by creating a new and better ways to get things done.”

According to **Khanka**, “Entrepreneurship is a process involving various actions to be taken to establish an enterprise.”

If we observe from the operational point of view, then entrepreneurship can be defined as the mixture of activities such as insight of market opportunities, gaining command over scarce resources, obtaining inputs, producing and marketing of product, responding to competition and maintaining relations with political administration and public bureaucracy for concessions, licenses and taxes etc.

Thus, Entrepreneur can be considered as an innovator, who brings out new techniques to earn maximum profit; an organizer, who organizes all factors of production; a manager, who manages the productivity level with scarce resources available to them and tries to earn maximum profit.

## **2. Evolution of the concept of Entrepreneur**

**It is very interesting to know the evolution of the concept of Entrepreneur**

The term ‘entrepreneur’ is taken from the French word ‘enterprendre’, which means to launch a startup or any venture or business firm. The term entrepreneur has been in use for the last five centuries. But, the meaning of entrepreneur is chronologically varying, as we can observe through this table:

Table No. 1: Evolution and Development of the Term Entrepreneur

Stems from the French word: 'Entreprendre', which means to launch a business firm.	
Middle Ages	Actor and person in charge of large-scale production projects.
17 <sup>th</sup> century	Person bearing risk of profit or loss in a fixed-price contract with government.
1725	Richard Cantillon says, person bearing risks are different from one supplying capital.
1803	Jean Baptiste Say - separated profits of entrepreneur from profits of capital.
1876	Fransis Walker- distinguished between those who supplied funds and received interest and those who received profit from managerial capabilities.
1934	Joseph Schumpeter says entrepreneur is an innovator and develops untried technology.
1961	David C. McClelland says entrepreneur is an energetic, moderate risk taker.
1964	Peter Drucker- entrepreneur maximizes opportunities.
1975	Albert Shanero- entrepreneur takes initiatives, organizes some social and economic mechanisms and accepts risks of failure.
1980	Karl Vesper- entrepreneur seen differently by economists, psychologists, businesspersons and politicians.

Various views and definitions have emerged with the change in the time period. But, in simple way, entrepreneur can be considered as a risk-bearer and an organizer or a co-coordinator, who manages scarce resource with maximization of profit by applying innovation technology.

Now, it is necessary to know the interrelationship between entrepreneur and intrapreneur, entrepreneur and entrepreneurship, entrepreneur and manager.

### **3. Entrepreneur and Intrapreneur**

The term entrepreneur and intrapreneur seem to be similar. But, both have different features. The differences between entrepreneur and intrapreneur can be understood by having a look at the given table:

Table No. 2: Differences between Entrepreneur and Intrapreneur

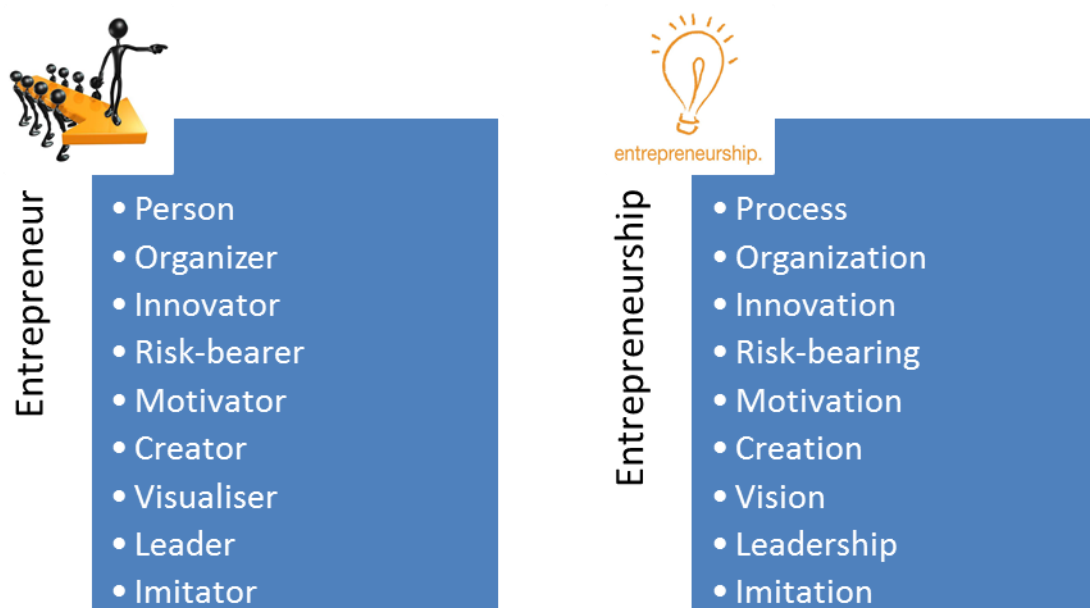
Difference	Entrepreneur	Intrapreneur
Independent	He is independent in his business.	He is dependent on the owner, who is an entrepreneur.
Funds/Capital	He has to raise the funds as required for the business.	Intrapreneur does not raise the funds.
Risk bearer	An entrepreneur is a risk bearer.	While Intrapreneur is not fully risk bearer.
Functions	An entrepreneur functions from outside.	While, intrapreneur functions within the business.
Direction	An entrepreneur starts his venture with a newly set up enterprise.	While, an intrapreneur begins his work after working in others firm.
Experience	An entrepreneur does not possess any experience when he	On the contrary, intrapreneur is gathering experience

	establishes new venture.	by working in other firm when he establishes new venture.
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## Entrepreneur and Entrepreneurship

Entrepreneur and Entrepreneurship, both terms seem identical but there is a minor conceptual difference line between them. According to Khanka (1999), "the term entrepreneur is often used interchangeably with entrepreneurship, yet they are conceptually different. Though, entrepreneur is an individual entity, who performs or acts or functions his qualities to run business, which is termed as an entrepreneurship. Thus, Khanka (1999) says, "Entrepreneurship is concerned with the performance and coordination of the entrepreneurial functions. Then, this also means that entrepreneur precedes entrepreneurship." The relationship between the two is just like the two sides of the same coin" as depicted in a table:

**Figure No. 1: Relationship between Entrepreneur and Entrepreneurship**



Source: Khanka (1999)

## Entrepreneur and Manager

In the conceptual terms, entrepreneur and manager words seem as synonyms. However, both concepts are different. Here the distinction between the two concepts:

Table No. 3: Differences between Entrepreneur and Manager

Difference	Entrepreneur	Manager
Objective	The main objective of an entrepreneur is to begin a business.	The main objective of a manager is to provide his services in an enterprise.
Position	The position of an entrepreneur is as an owner of a firm.	The position of a manager is to serve as an employee in a firm.
Risk Bearer	As entrepreneur is a risk bearer.	A manager is not a risk bearer, because he is working as an employee.
Rewards	The reward of an entrepreneur is profit earned.	The reward of a manager is in form of salary that he earns for his services rendered.
Innovation	An entrepreneur is working as an innovator.	A manager, executes the innovating decisions of an entrepreneur.
Skills	An entrepreneur needs to have the skills like vision, risk bearing and so on.	A manager needs to have distinct qualifications in terms of management theory



Thus, it can be precisely seen that an entrepreneur differs from a manager. As it is rightly said by Khanka (1999) that an entrepreneur can be a manager but a manager cannot be an entrepreneur. Because, an entrepreneur is an owner and a manager is a worker.

#### **4. Attributes and characteristics of a successful entrepreneur**

##### **Let us end our discussion with attributes and characteristics of a successful entrepreneur**

Entrepreneur is capable person to manage new venture with upgrading technology and risk. Entrepreneur is considered as an owner of the business firm, he is the only risk bearer, where the manager introduces innovation, forecast thinking, skills and knowledge for optimistic approach, and focusing on growth of firm and profit level etc. These are the basic attributes of an entrepreneur, who wants to be a successful. The branch characteristics of a tree named as an entrepreneur can be easily understand by this figure:

Figure No.2: Characteristics of A Successful Entrepreneur



McClelland (1961) classified these characteristics of an entrepreneur in his book 'Achieving Society':

- An unusual creativeness.
- A propensity of risk-taking.
- A strong need for achievement.

Another illustration from fifty research studies revealed by Timmons and Spinelli (2009) that successful entrepreneurial attributes are:

- Total commitment, determination and perseverance.
- Drive to achieve and grow.
- Opportunity and goal orientation.
- Taking initiatives and personal responsibility.
- Persistent problem- solving.
- Realism and a sense of humor.
- Seeking and using feedback.
- Internal locus of control.
- Calculated risk taking and risk seeking.
- Low need for status and power.
- Integrity and reliability.

Now, we shall discuss the attributes and characteristics of a successful entrepreneur in detail:

1. **Risk-taker and Risk-bearer:** Being a risk-taker, an entrepreneur takes risk regarding production innovation or

any strong decision dealing with the present situation without having fear. If any worst situation or loss is happening, then also he should have a capacity to bear it and be able to stand up once again independently. Thus, an entrepreneur should be risk taker and bearer as well.

2. **Enthusiasm for work:** Efficient working capability and enthusiasm of an entrepreneur can lead a venture to the successful path. Enthusiasm in entrepreneur encourages other workers of the firm to produce more, which leads to the higher profit level. An entrepreneur should work hard and endlessly from the starting point of business and still have to continue even after success of a business. Thus, this is a second attribute of a successful entrepreneur.
3. **Desire for High Goals:** An entrepreneur has always a desire for a high goal or objective for his/her business, which motivates or encourages him to work hard with strength. According to McClelland (1961), "The entrepreneurs have a strong desire to achieve high goals in business. The motive of high achievement strengthens an entrepreneur to surmount the obstacles, suppress anxieties, repair misfortunes, and devise expedients and set up and run a successful business."
4. **Highly Optimistic:** According to Khanka (1999), "The successful entrepreneurs have a positive approach towards things. They do not get disturbed by the present problems faced by them. They become optimistic for future that the situations will become favourable to business in future."
5. **Non-dependent:** Non-dependency is one of the significant attributes of a successful entrepreneur. Because, they do not like to be guided by any other or to follow any one else's rules

and regulations. They make decisions on their own. According to Khanka (1999), "They resist to be pigeonholed."

6. **Future Foresight:** A successful entrepreneur has to make a strategy for future by using his foresight. An entrepreneur can envisage the likely changes going to be taken in the market, consumer's taste and preference, changes in technological pattern etc., which is a key to be a successful entrepreneur.
7. **Creative/ Innovative:** As we know that there is change in a consumption pattern with change in time and producers have to produce in accordance of that new demand. So, a successful entrepreneur has to move on with the new demand through implementation of innovative and creative ideas.
8. **Team spirit:** Henry Ford's apt view seems worth quoting here, "Bringing people together is beginning, keeping people together is progress, and working with people is success." Thus, this statement expressed one fact that a successful entrepreneur is a builder of a team.
9. **Good Organizer:** Khanka (1999) has rightly stated, "Various resources required for production are owned by different owners. Then, it is the ability of the entrepreneur who brings together all required resources for setting up of an enterprise and then produces goods."

## **5. Summary**

Different researchers have defined entrepreneur in their own ways. From these definitions, it can be precisely said that an entrepreneur is a risk taker who manages/organizes scarce resources in such a way as to maximize profit and growth of a business firm. By differentiating an entrepreneur and entrepreneurship, it is clear that an entrepreneur is only a

person, but an entrepreneurship is concerned with the process. By distinguishing between an entrepreneur and an intrapreneur; an entrepreneur and a manager, it is clear that intrapreneur and a manager work as employees in a business firm/venture, where an entrepreneur is an owner. As for being a successful owner of a venture, basic needed attributes and characteristics are risk-bearing, good organizing, innovation, optimism and so on. Then only, an entrepreneur can run efficiently their business with success.