INTRODUCTION TO ENTREPRENEURSHIP

The word entrepreneur was derived from a French word Entrepreneur which means to **'undertake'**, that is to undertake the risk of new enterprise. The word was applied to the leaders of military expeditions.

Richard Cantillon, an Irishman living in France who first used the term 'entrepreneur' to refer to economic activities. According to Cantillon "An entrepreneur is a person who buys factor services at certain prices with a view to selling its product at uncertain prices" that is an entrepreneur is a bearer of risk which is non- insurable.

We have so many definition of entrepreneur, we will first mention three:

J.B. says, an economist define entrepreneur as the agent who unites all the factors of production and who finds in value of product the re-establishment of the entire capital he employs, and the value of wages, the interest and the rent which he pays as well as the profits belonging to himself. He may or may not supply capital but he must have judgment, perseverance and the knowledge of the world of business.

F.H. Knight, Entrepreneur are specialized group of people who bear risk and deal with uncertainty. He also identifies social, psychological and economic factors which govern the supply of entrepreneurship

J.A. Schumpeter, an innovator who carries out new contribution to initiate the process of economic development through introduction of new source of raw materials and establishment of a new combination, we called enterprises.

From the above, we can describe entrepreneur as a capitalist employer seeking profit, a risk taker, a monopolist, a coordinator, an innovator and an organizer of means of production. A person who possesses all these attributes may be termed an entrepreneur. He organizes, operates and assume risk of a business venture.

DEVELOPMENTS OF ENTREPRENEURSHIP

In the earliest period, entrepreneurship is defined as go-between. Macro polo attempted to establish trade routes to the Far East. As a go-between, macro polo route system a contract with the "money person" (to forerunner of today's capitalist) to sell his goods. The profit were shared at about 75% to the capitalist, who is passive risk takers, at 25% to the monarchy- Adventurer (go-between).

Merchant adventure took certain role trading become all the physical and emotional risk. When the goods are successfully sold, the capitalist take most of the 75% while the monarch adventure settles for 25%

By middle ages, the term entrepreneur was used to describe both an actor and a person who manage large production projects, the individual did not take any risk but mostly manage the project risk, the resources usually provided by the Government, architectural works such as public buildings, abbeys and cathedrals.

Later in the 17th century, an entrepreneur is defined as a person who enters into a contractual agreement with the government to perform a service or to supply stipulated products: service the contract is fixed, the entrepreneur bear either profits or loss. A prominent person in this period is John Law, a Frenchman, who was allowed to establish a royal bank. This bank later evolved to an exclusive franchise to form a trading company in the new word called the mission company. It collapse when he wanted to push the company's "stock prices" (shares) higher than value of its assets.

In 18th century, the person with capital was differentiated from the one who needed capital. That is entrepreneur was differentiated from the capital provider. Many inventions developed during this period were reactions to changing the world. For examples, inventions of Eli Whitney and Thomas Edison. They both developed new technologies but were unable to finance their inventions themselves. Whitney invented cotton gin and were able to finance it by expropriated British Crown Properties.

Edison invention in the field of electricity as chemistry was financed through private sources Whitney Vs. Edison were capital users not providers. A venture capitalist is a professional money manager who moves risky investment for a pool of equity returns to obtain high rate of returns on the investments.

In the 19th and 20th centuries, entrepreneurs were not distinguished from managers as were viewed mostly for an economic perspective. Andrew Carnegie was the best example. He invented nothing but rather adapted and developed new technology in the creations of products to achieve economic vitality.

ENTREPRENEURSHIP AND INTRAPRENEUR

Here the activities are seen to perform three roles;

- Organizer
- Worker
- Use of goods produced

Of these three roles, the role of the man in coordinating and organizing the means of production is considered synchronized.

According to **J.A. Timmos**, Entrepreneurship is the ability to create and build something from practically nothing.

As with entrepreneurs we have several definitions of entrepreneurship, but we will also use three definitions;

1. **A.H. Cole**, Entrepreneurship is the purposeful activity of an individual or group of associated individuals, undertaken to initiate, maintain or earn profit by products and distribution of economic goods and services.
2. **Heggins**, Entrepreneurship is the function of seeking investments and production opportunity, organizing an enterprise to undertake a new production process, raising capital, hiring labor, arranging the supply of raw materials and selecting top managers of day-to-day operators.
3. **Peter Druckers**, Entrepreneur is neither Science or Art. It is a knowledge based. Knowledge is a means to an end. Entrepreneurship is not just making money. It is about Imagination, flexibility, creativity, willingness to think conceptually, readiness to take risk, ability to mobilize the agents of production and capacity to see change in an opportunity.

Entrepreneurship = Entrepreneur + Enterprise

↓ ↓ ↓

(Process) (Person) (Object)

INTRAPRENEURSHIP:

Developing a spirit of entrepreneurship with the existing organization. Strongly reflected in entrepreneurial activities as well as in top management orientations in organizations.

These entrepreneurial endeavors consist of the following four key elements;

1. New business venturing
2. Innovativeness
3. Self-renewals
4. Pro-activeness

- **New business venturing (Corporate venturing):** These refer to the creation of new business with an existing organization. Creating something that is new of value either by redefining the company's current product or services, by developing new market or by forming more formally autonomous or semi-autonomous unit or firms. The formations of new corporate ventures are the most selected manifestation of intrapreneurship.
- **Organization innovations:** These refer to product and services innovation with an emphasis of development and innovation in technology. These include new product development, product improvements and new production method and procedures.
- **Self-renewal:** These reflect the transformation of organization through the renewals of the key ideas on which they are built. It includes strategic and organization change connotations. It also includes a redefinition of the business concept, re-organization and introduction of system-wide changes to increase production.
- **Pro-activeness:** It includes initiative and risk taking, as well as competitive aggressiveness and boldness that are particularly reflected in the orientations and activities of top management. These are done by coordinating experts, taking initiative, being bold and aggressive in pursuing opportunities.

TYPES OF ENTREPRENEUR

We have several classifications of entrepreneurs but we will start with **Danhof's** classification.

1. **Innovating Entrepreneur:** These are entrepreneurs that sense the opportunity for introducing new ideas, new technology, opening of new markets and creating new organization.
2. **Adoptive or imitative Entrepreneurs:** These entrepreneurs imitate the existing entrepreneurs and set up their enterprise in the same manner. They imitate technology and methods innovated by others.
3. **Fabian Entrepreneurs:** These entrepreneurs are very much skeptical in their approach in adopting or innovating new technology in their enterprise. They are not adoptable to the changing environment. They love to remain in the existing

business with the old age technique of production. They only adopt technology when they realize that without adopting the technology, will lead to a loss.

4. **Drone Entrepreneurs:** they are conservative or orthodox in outlook. They feel comfortable with their old fashioned techniques of production even though the environment and the society have undergone considerable changes. They refine to adopt the changes.

SOME OTHER CLASSIFICATIONS

1. **Solo-operator:** They prefer to set up their business individually. They introduce their own capital, intellect and business achievements. They operate in form of sole proprietorship.
2. **Active partner:** They jointly put their efforts together to build enterprise by pooling together their own resources.
3. **Inventors:** They involve themselves in research and development (R&D) activities. They are happy in inventing new products, technologies as method of production.
4. **Challengers:** They challenge themselves to establish business ventures as a mark of achievements. They are their business achievements and talent to correct the odds to opportunities thereby making profits.

Table 1.1 Characteristics and Traits of Entrepreneurs

Characteristics	**Traits**
Self-conditions	Confidence, Independence, individually, optimism
Task-oriented	Need for achievement, profit-oriented persistence, perseverance, determination, hard work, drive, energy, initiative
Risk Bearer	Risk-taking ability, likes, challenges
Leadership	Leadership behavior, gets along well with others, responsive to suggestions and criticisms
Originality	Innovative, creative, flexible (open of mind), resourceful, versatile, knowledgeable
Future-Oriented	Foresight perceptive

Table 1.2 Personal Entrepreneurial Characteristics

Core competencies	Entrepreneurial Activities
1. Initiative	Does things before asked for or forced by events and acts to extend the business to new areas, products or services
2. Perceiving Opportunities	Identifies business opportunities and mobilizes necessary resources to make good an opportunity
3. Perspective	Takes repeated or different actions to overcome obstacles
4. Information gathering	Consults experts for business and technical advice. Seeks information on client's or supplier's needs. Personally undertakes market research and make use of personal contacts or information networks to obtain useful information
5. Concern for quality work	States desire to produce or sell a better quality product or service.
6. Commitment to contractual obligations	Makes a personal sacrifice or expands extraordinary effort to complete a job, accepts full responsibility in completing a job contract on schedule, pitches in with workers or work in their place to get the job done and shows utmost concern to satisfy the customer
7. Efficiency orientation	Finds ways and means to do things faster, better and economically
8. Planning	Various inter-related jobs are synchronized according to plan
9. Problem solving	Conceives new ideas and finds innovative solutions
10. Self-confidence	Makes decisions on his own and sticks to it inspite of initial setbacks
11. Expertise	Possesses technical expertise in areas of business, finance, marketing .e.t.c.
12. Self-critical	Aware of personal limitations but tries to improve upon by learning from his past mistakes or experiences of others and is never complacent with success
13. Persuasion	Persuades customers and financiers to patronize his business

14.	Use of influence strategies	Develops business contacts, retains influential people as agents and restricts dissemination of information in his possession
15.	Assertiveness	Instructs, reprimands or disciplines for failing to perform
16.	Monitoring	Develops a reporting system to ensure that work is completed and quality norms
17.	Credibility	Demonstrates honesty in dealing with employees, suppliers and customers even if it means a loss of business
18.	Concern for employee welfare	Express concern for employees by responding promptly to their grievances
19.	Impersonal relationship	Places long –term goodwill over short-term gain in a business relationship
20.	Expansion of capital base	Reinvests a greater portion of profits to expand capital base of the firm
21.	Building product image	Concerned about the image of his products among customers and does everything possible to establish a niche for his products in the market

Table 1.3 Communities and Companies

Communities	**No. of companies controlled**			**No. of directorship held**		
	1911	1931	1951	1911	1931	1951
British	202	416	382	652	1335	865
Parsis	15	25	18	96	261	142
Gujaratis	3	11	17	71	166	232
Jews	5	9	4	71	13	-
Muslims	-	10	3	24	70	66
Bengalis	8	5	20	48	170	320
Marwaris	-	6	96	6	146	618
Mixedcontrol	28	28	79	102	121	372
Total	261	510	619	1016	2282	2622

Table 1.4 Distinctions between Entrepreneur and Entrepreneurship

Entrepreneur	Entrepreneurship
1. Entrepreneur is a person	1. Entrepreneurship is a process
2. Entrepreneur is an organizer	2. Entrepreneurship is the organized form of initiative
3. Entrepreneur is a risk taker	3. Entrepreneurship is risk-taking activity
4. Entrepreneur is an innovator	4. Entrepreneurship is the process of innovation
5. Entrepreneur is a good planner	5. Entrepreneurship is the planning of successful performances
6. Entrepreneur is a leader	6. Entrepreneurship is the crux of leadership
7. Entrepreneur is a decision maker	7. Entrepreneurship is nothing but a decision-making activity
8. Entrepreneur is a visualizer	8. Entrepreneurship is the vison
9. Entrepreneur is an administrator	9. Entrepreneurship is the administration
10. Entrepreneur is an initiator	10. Entrepreneurship is taking an initiative

Table 1.5 Distinction between Entrepreneur and Enterprise

Entrepreneur	Enterprise
1. Entrepreneur is person	1. Enterprise is the business unit
2. Entrepreneur is risk taker	2. Enterprise is the unit involving risk and uncertainty
3. Entrepreneur is decision maker	3. Enterprise serves as the framework within decision concerning what to produce, how much to produce, where to produce are taken by the entrepreneur
4. Entrepreneur engages himself in producing and selling the product	4. Enterprise implies the harmonious interrelation or service of functions and staff primarily for the purpose of making/selling product or services
	5. Enterprise utilizes the raw materials and other inputs in the process of production

Table 1.6 Distinctions between Entrepreneur and Manager

Entrepreneur	Manager
1. Entrepreneur is an innovator	1. Manager keeps in managing the business on established rules, policies and procedures
2. Entrepreneur is a moderate risk-taker	2. Manager does not undertake risk
3. Entrepreneur is not guided by the motive of profit. He continuously puts his efforts for achieving the goal reward of the entire process in connection.	3. Manager is interested in salary. His salary is fixed and certain
4. Entrepreneur is self-employed and his own boss	4. Manager is a salaried person and dependent upon his employer.

PRATICE QUESTIONS

1) Who is an Entrepreneur? What are the characteristics of a successful entrepreneur?
2) Why do you study entrepreneurship?
3) Differentiate between Entrepreneurs and Managers
4) Define Entrepreneur, what are the characteristics and traits of Entrepreneurs.
5) Explain the developments of entrepreneurship training.
6) Write on Intrapreneurship and explain the four key elements where they can operate in an organization.
7) Discuss the types of Entrepreneurs known to you.

REFERENCES:

- Mohanty S.K. (2005) Fundamental of Entrepreneurship.ph 1 learning prevate LTD New Delhi.
- Durker P. (1985) Innovation and entrepreneurship. Harper and Row publishers New York.
- Barran F. (1969). Creative person and creature process. Hold Reinhart Winston New York.

Edited by Mustiniceone ☺