



Munich Personal RePEc Archive

Entrepreneurship and the Entrepreneur: A Synthesis View

Dissanayake, Srinath

University of Kelaniya

20 August 2013

Online at <https://mpra.ub.uni-muenchen.de/49255/>
MPRA Paper No. 49255, posted 24 Aug 2013 11:32 UTC

Entrepreneurship and the Entrepreneur: A Synthesis View

D.M.N.S.W.Dissanayake

Department of Commerce and Financial Management

Faculty of Commerce and Management Studies

University of Kelaniya

Email: neelacksha911@gmail.com / Srinath@kln.ac.lk

Web: <http://sri.lankatalforum.weebly.com/index.html>

Abstract:

This small note on defining entrepreneurship is produced due to the apparent pursue of stereotyped knowledge among students in general. The author postulates to be an accountant or a finance manager should not be the prime concerns of students. There are other emerging areas as well. For an instant, Business Technology, Entrepreneurship, Value Based Marketing, Green Accounting, Personal Management etc. Given the unimportance of stereotyped knowledge, the author intends to define Entrepreneurship concisely to convince the students about the value of such a field. With some scholarly definitions on entrepreneurship, the author writes what entrepreneurship is and who is an entrepreneur. Most notably, in the definition of entrepreneur, the author adds the notion of Intrapreneurship allowing students to think out of the box.

Keywords: Entrepreneurship, Intrapreneurship, Stereotyped Knowledge

1. Introduction

In the contemporary field of Commerce and Management, stereotyped knowledge is no longer a valid one. In general, the present scenario of the Commerce and Management field is dominated by few popular study areas among students in Sri Lanka. In general, the majority of the students populate in Sri Lanka holds an idea of being an accountant or a finance manager is the sole and the ultimate goal that they would achieve in their life. Given that, the author strives to postulate that

Accounting and Finance are not the sole study areas that a student can pursue in future. Moreover, the author signifies that, areas like, Business Technology, Entrepreneurship, Value Based Marketing, Green Accounting, Personal Management, etc are the apparent and dominant *future* study areas in the field of Commerce and Management. Providing the existing state of the perception of students in Sri Lanka, the author intends to write pertaining to the field of Entrepreneurship due to the sole motive and enthusiasm of the study

are areas that he has on himself. The author believes that, in order to excavate the fascinating field of entrepreneurship, the reader and the students should know what entrepreneurship is? The author intends to talk about this phenomenon due to the lack of common understanding (Davidsson, 2004) of what precisely Entrepreneurship is? And who is an Entrepreneur?

This paper is structured as follows: Section two; what entrepreneurship is? defines some general as well as empirical justifications pertaining to the concept. The author offers a blend approach of general and empirical grounds to emphasize facts more concisely and precisely. The section three; who is an entrepreneur? follows the same approach as above. Finally, the concluding section details author's justifications on the entrepreneurship and the entrepreneur satisfying the prime objective of the article.

2. What Entrepreneurship is?

At the outset, the writer strives to emphasize that, student population in Sri Lanka holds an idea, that studying entrepreneurship is for all time for the sake of starting a business venture. The author's view on this regard is, though definition of entrepreneurship signifies the business initiation, this is merely a misconception. This is fairly

apparent due to the lack of understanding of what Entrepreneurship is. Simply stated, the notion of Entrepreneurship is about practicing entrepreneurial activities in established companies. An entrepreneur could be a company or a single person or a group constituting entrepreneurial activities. Thus, this notion offers an insight to students that, studying entrepreneurship gives a vast knowledge about revitalizing creativity and innovative practices even in established companies.

Moving from general facts to practical illustrations, the author intends to picture about the fascination of true entrepreneurship. A small business venture started way back in 1958 Dan and Frank Carney in their hometown of Wichita, Kansas. The business initiation was funded from a borrowed \$800 from their mother. They were to put up a small Pizza parlor. Eventually, the small Pizza parlor proliferated to a destination like a world renowned brand. That is, Pizza Hut. Besides, starting a small computer manufacturing company in their own home garage would probably a confusing idea to others. But Steve Jobs, Steve Wozniak and Ronald Wayne, started their manufacturing plant at their home garage and ultimately became a benchmarking company in the computer industry, which is well

know, the Apple Inc. Not only that, as we Sri Lankans we are proud to say that, Sri Lankan blood also enriched with entrepreneurial spirit. Great entrepreneurs like, Meril J. Fernando (the founder of the Dilmah tea), Othara Gunewardene (the founder of the ODEL), possess the entrepreneurial spirit and they became success in the business world.

2.1. Definitions of Entrepreneurship

Besides, with reference to the prominent figures in the field of Entrepreneurship, following concise definitions can be elaborated.

Davidsson, (2004) suggests the phenomenon of entrepreneurship really consists of new entry,

The creation of new enterprise, (Lumpkin & Dess, 1996)

The creation of new organizations, (Low & MacMillan, 1988)

A purposeful activity to initiate, maintain and aggrandize a profit oriented business, (Gartner, 1988)

The process of creating something different with the value by devoting the necessary time and effort; assuming the accompanying financial, psychological, and social risks, and receiving the resulting rewards of monetary and personal satisfaction, (Hisrich & Peters, 1989)

Moreover, the concept was once more confirmed by, Hisrich, Peters, & Shepherd, (2007), write,

“Entrepreneurship is creating something new with value by devoting the necessary time and effort, assuming the accompanying financial, psychic, and social risks, and receiving the resulting rewards of monetary and personal satisfaction and independence”. (p.8)

Adding to that, a significant definition was given by Shane & Venkataraman, (2000), write,

“Entrepreneurship as the scholarly examination of how, by whom, and with what effects opportunities to create future goods and services are discovered, evaluate, and exploited”. (p.218)

Cole, cited in Mohanty, (2005), has defined entrepreneurship as the purposeful activity of an individual or a group of associated individuals undertake to initiate, maintain, or earn profit by production and distribution of economic goods and services. Whereas, Heggins cited in Mohanty, (2005), entrepreneurship is meant the function of seeking investment 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 operations. Schumpeter cited in

Mohanty, (2005), giving an important definition on entrepreneurship. He suggests that, entrepreneurship is essentially a creative activity. It consists of doing such things as are generally not done in ordinary course of business. An entrepreneur is one who innovates, i.e. carries out new combination or enterprise. Further, McClelland cited in Mohanty, (2005) writes achievement motivation as the most critical factor for the growth of entrepreneurship. Besides, Drucker cited in Mohanty, (2005) affirms entrepreneurship is neither a science nor an art. It is a practice. It has a knowledge base. Knowledge in entrepreneurship is a means to an end. Indeed, what constitutes knowledge is a practice is largely defined by the end that is by the practice. Entrepreneurship is not just about making money. It is about imagination, flexibility, creativity, willingness to think conceptually, readiness to take risks, ability to mobilize agents of production and the capacity to see change as an opportunity. It is also about marrying passion and process with a good dose of perseverance.

3. Who is an Entrepreneur?

Simply stated, entrepreneur is a person who undertakes all the risks associated in a new enterprise. English Oxford Dictionary defined entrepreneur as one who

undertakes an enterprise. Especially, a contractor-acting as an intermediary between labor and capital for production is an entrepreneur.

Generally, an entrepreneur is a person who starts an enterprise. He searches for change and responds to it. A number of definitions have been given of an entrepreneur- The economists view him as a fourth factor of production along with land labour and capital.

The sociologists feel that certain communities and cultures promote entrepreneurship like for example in India we say that Gujaratis and Sindhis are very enterprising. Still others feel that entrepreneurs are innovators who come up with new ideas for products, markets or techniques.

To put it very simply an entrepreneur is someone who perceives opportunity, organizes resources needed for exploiting that opportunity and exploits it. Computers, mobile phones, washing machines, ATMs, Credit Cards, Courier Service, and Ready to eat Foods are all examples of entrepreneurial ideas that got converted into products or services.

1725: Richard Cantillon: An entrepreneur is a person who pays a certain price for a product to resell it at an uncertain price, thereby making decisions about

obtaining and using the resources while consequently admitting the risk of enterprise. 1803: J.B. Say: An entrepreneur is an economic agent who unites all means of production- land of one, the labor of another and the capital of yet another and thus produces a product. By selling the product in the market he pays rent of land, wages to labor, and interest on capital and what remains is his profit. He shifts economic resources out of an area of lower and into an area of higher productivity and greater yield. 1934: Schumpeter: According to him entrepreneurs are innovators who use a process of shattering the status quo of the existing products and services, to set up new products, new services. 1961: David McClelland: An entrepreneur is a person with a high need for achievement. He is energetic and a moderate risk taker. 1964: Peter Drucker: An entrepreneur searches for change, responds to it and exploits opportunities. Innovation is a specific tool of an entrepreneur hence an effective entrepreneur converts a source into a resource. 1971: Kilby: Emphasizes the role of an imitator entrepreneur who does not innovate but imitates technologies innovated by others. 1975: Albert Shapiro: Entrepreneurs take initiative, accept risk of failure and have an internal locus of control. 1983: G. Pinchot: Intrapreneur is an entrepreneur

within an already established organization.

4. Discussion

After completing your A/Is or the graduation you will be standing at the crossroads of life. Simply put, you will face the dilemma of choosing what you have to do in life. The vast majority of human beings direct their activities towards earning a living, generating wealth and improving their standard of living. You can choose your career from two broad categories of options – Wage Employment or Entrepreneurship. The author signifies here that students should hold the perception that the prime objective of studying entrepreneurship is not ended up with creation of a business venture. Put it simply, we know for fact that all famous business examples available are for all time defines and creates a picture of starting a business venture. But the author claims that, being an Intrapreneur will also add more value to your dream of becoming an entrepreneur.

Thus, to conclude the discussion and satisfying the objective of this paper and considering all empirical investigations detailed above, every author offers and define entrepreneurship and the notion of entrepreneur differently. Thus the author offers a synthesis where,

Entrepreneurship is an identification of an exploitable market opportunity¹ which eventually leads to a creation of a lucrative enterprise or an action leads to expand a current enterprise².
 Besides, the author offers a synthesis where, ***The Entrepreneur is an individual or a group³ intends to utilize the exploitable market opportunity⁴.***

References

Davidsson, P., 2004. *Researching Entrepreneurship*. United States of America: Springer Science and Business Media.

Gartner, W.B., 1988. "Who is an Entrepreneur" is the wrong question. *American Small Business Journal*, (Spring), pp.11-31.

Hisrich, R.D., Peters, M.P. & Shepherd, D.A., 2007. *Entrepreneurship*. 6th ed. Tata

McGraw-Hill Publishing Company Limited.

Hisrich, R.D. & Peters, M.P., 1989. *Entrepreneurship: Starting, Developing and Managing a New Enterprise*. *Homewood, IL: Irwin*.

Kuratko, D.F. & Hodgetts, R.M., 2007. *Entrepreneurship: Theory, Process, Practice*. 7th ed. Thomson Learning Inc.

Low, M.B. & MacMillan, I.C., 1988. *Entrepreneurship: Past research and future challenges*. *Journal of Management*, 14, pp.139-61.

Lumpkin, G.T. & Dess, G.G., 1996. *Classifying the entrepreneurial orientation construct and linking it to performance*. *Academy of Management Review*, 21(1), pp.135-72.

Mohanty, S.K., 2005. *Fundamentals of Entrepreneurship*. Prentice-Hall India Private Limited.

Shane, S. & Venkataraman, S., 2000. *The Promise of Entrepreneurship as a Field of Research*. *Academy of Management Review*, 25(1), pp.217-26.

¹ Author uses the word exploitable market opportunity to signify the feasibility of the business opportunity. Further, identified market opportunity will no longer make profits unless it has a feasibility to execute. Moreover, it is indispensable to perceive the market opportunity in a creative and an innovative manner.

² Author adds the concept of a current enterprise due to lack of common understanding of the notion of Intrapreneurship among Sri Lankan students.

³ Importantly, individual or a group could be a person who intends to start a new business, or an individual or a group in an existing enterprise.

⁴ In the definition of exploitable market opportunity, the entrepreneur should inevitably possess the characteristics or risk taking, innovator, perseverance behaviors.