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# ENTREPRENEURSHIP

MEANING & DEFINITION

Shiv Sankar Das  
School of Management

# Entrepreneurship – Meaning and Concept

- Entrepreneurship is the act of being an entrepreneur.
- French word ‘Entrependre’ and German word ‘unternehmen’ both referring to individuals who undertakes an ‘endeavor’.
- Hence, anyone who exhibits the characteristics of self-development, creativity, self-decision making and risk taking.
- According to oxford dictionary Entrepreneur is ‘one who organizes and manages enterprise involving high risk’. But researches indicates that entrepreneurs need not necessarily be high risk takers, however, they reduce risk and increase likelihood of success.

# Entrepreneur – Different Perspective-Nature

- An Economist defines an entrepreneur as one who brings resources, labour, material and other assets in to combinations that make their value greater than before and also one who introduces changes, innovations and a new order.
- A Psychologist defines an entrepreneur as a person who is typically driven by a psychological force, which create a desire to obtain or attain something.
- As per sociologist a person whose actions would determine social status & contribute to societal dev.
- As per Management expert a person who has a vision and generates action plan to achieve it.

## 2. Jean Baptiste Say (1800)

- An Agent combining all factors of production.
- Special personal qualities
- Analyzed central function of the entrepreneur independent of any other social framework

### 3. Frank Knight (1921)

- Recipient of pure profits. Pure profit is bearing the cost of uncertainty.
- Discusses uncertainty and risk.
- Involves primary and secondary part :
  - a. Primary problem or function is deciding what to do and how to do
  - b. Doing things and actual execution of activity, becomes in real sense a secondary part.

#### 4. Max Weber (1930)

- Innovator with unusual will and energy, clarity of vision and ability to act.

#### 5. Joseph Schumpeter (1934)

- Ability to identify new opportunities
- Bearer of the mechanism of change the economy

#### 6. Kirzner (1973)

- Contributes to movement toward equilibrium by pursuing opportunities.
- Understanding human actions as active and creative rather than passive, automatic & mechanical.

## 7. Mark Casson (1982)

- Specialise in making judgmental decisions for coordinating scarce resources.
- Decision making as personal quality.
- Motivated by self-interest.

## 8. Stevenson and Sahlman (1987)

- Relentless pursuit of opportunity without regard to resources currently enrolled.

## 9. Gartner (1990)

- Actions taken to create organizations.
- Accumulation and deployment of resources and building Org Structure to pursue opportunities.

## 10. Bygrave and Hofer (1991)

- As a process involves all functions, activities and actions associated with the perceiving of opportunities and the creation of organizations to pursue them.

## 11. Recent Trends

- Societal and environmental issues
- As per Global Entrepreneurship Monitor (2005) more mgt qualified and young achievers likely to be into entrepreneurship in comparison to 1998 findings.
- EDP , Institutes, financing, CVC, separate discipline, institutes, profession
- Quality, Service, IT as resource, sustainable, strategist, moderate risk, collaborative relationship

## Drucker's Views on Entrepreneur

- Innovation is the specific tool of entrepreneurs, - the means by which they exploit changes as an opportunity for a different business or a different service.
- It is capable of being presented as a discipline, capable of being learned and practiced. Entrepreneurs need to search purposefully for the sources of innovation, the changes and their symptoms that indicate opportunities for successful innovation. And they need to know and apply the principles of successful innovations.
- Innovation at work, must be market focused /driven,

## Personal attributes of a successful entrepreneur

- “The five essential entrepreneurial skills for success are concentration, discrimination, organization, innovation and communication” - Henry Reed
- As early as 1950s, researcher began looking personal attributes common among successful entrepreneur.
- McClelland(1961) found that entrepreneurs have higher need for achievement than non-entrepreneurs.