

ENTREPRENEURSHIP- A CONCEPTUAL ANALYSIS

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ABSTRACT

The word Entrepreneur is coined by Richard Cantillon, a French Economist in 18th Century, An Entrepreneur is a person who starts his own new and small business. It is an entrepreneur who creates wealth and employment they are job givers instead of job seekers and entrepreneurs are innovators who evoke demand and they are both doers and thinkers and also planners. It may be observed that economic progress of a country is bound up with the growth of entrepreneurs.

The first wave of development of the concept of entrepreneurship took place during the 18th century when Richard Cantillon and J.B. Say tried to define entrepreneurship by stressing on traditional management aspect entrepreneurship.

A new wave of thinking in this regard emerged in the year of 1934 when Schumpeter tried to define it. Among economists he was the first who recognised the importance of entrepreneurship in economic development. He says entrepreneur is one who discovers something new with which consumers are not familiar, a new source of raw material or a new market. However he says this type of innovations and discoveries are rare in the society. Thus progress of a economy depends on the supply of entrepreneur. To attain economic progress and to solve the problems and unemployment and to promote equal distribution of income and wealth, a country should concentrate her attention on the supply of such innovative individuals.

INTRODUCTION

Despite the gap in the attention being paid for the study of entrepreneurship in the immediate post war period. In 1960's once again attempts have been made by different economists to determine the main characteristics of entrepreneur. And this systematic method of study enabled the scholars to identify entrepreneurs in terms of function. It is also recognised that without the growth of entrepreneurship in a economy industrial development cannot be attained. ^[1] In 1970's Kilby provided an executive sketch of entrepreneurial task in an under developed economy. The entrepreneurs has to perform activities such as perception of market opportunities, gaining command over raw material and scarce resources purchase of inputs, financial management production, management of human relation with in the firm marketing of products and introduction of new production techniques and products.^[2]

Today a growing interest and desire to experiment and innovative ideas spreading throughout the world which are supporting the growth of entrepreneurship. A careful evaluation of both the favourable and unfavourable factors would seem to suggest that while the risk element in industrial decision making is considerably reduced today because of state aid some aspects of the function of innovative entrepreneur of the 18th & 19th centuries continues to remain. "Therefore, although as J .

Kunkel has argued that modifying economic environment to make entrepreneurial activity possible is an effective method for promoting entrepreneurship this has to be followed up by appropriate motivation cum-training, programmes so that necessary entrepreneurial competence is developed among the individuals who seek career in modern industry^{.[3]} Therefore now it is realised that entrepreneurship development is an effective means towards the attainment of economic development and Government should take keen interest to tackle the problems of entrepreneurs and should make efforts through various institutions to promote entrepreneurship in various regions.

Concept of Entrepreneurship

Concept of entrepreneur or entrepreneurship is highly dynamic in nature. Though entrepreneur is the key figure, in business world his image and role is changing with the passage of time. Consequently the concept has different connotations as expressed in various definitions given by different writers. The definition of the concept stress on two specific aspect from there various definitions the two concepts of entrepreneurship emerges i.e traditional and modern

Entrepreneurship: A Traditional View

The traditional concept of entrepreneur simply treated entrepreneurial function as 'Management' the organiser of the process of production in all the firms existing and the new ones. The concept does not differentiate between the capitalist and the entrepreneur. The entrepreneur performs the routine function of organising or combining the factors of production.

Richard Cantillon defines entrepreneur as one who buys factors of production at certain prices and sells his product at uncertain prices in the future there by bearing a non insurable risk^{.[4]} To J.B Say who also views the entrepreneur as the organiser of the factor of production defines him as ' The entrepreneur is the agent who unites all means of production, the labour on the one , the capital on the other and who finds in the values of product which results from their employment reconstitutions of the entire capital that he utilises and the value of the wages the interest is the rent which he pays as well as profit belonging to himself^{.[5]}

Cantillon with a broader base, J.B.Say present the image of a traditional entrepreneur in their definitions. The entrepreneurs is a manager or an organiser performing the normal function of the factors of production. Knight propound the theory that "entrepreneurs are a specialised group of people who bear risk and deal with uncertainty^{.[6]}

Like Cantillon and J.B.Say, Knight also defined entrepreneurship in traditional way and Knight entrepreneur can only produce limited results i.e. his entrepreneur performs only the risk bearing function. Thus these definition of entrepreneur in tradition framework mainly emphasis on the functional aspects i.e. he performs the function of organiser and risk bearer etc.Prof.Dupriez remarked "The type of entrepreneur who exploits possibilities as they present themselves within a limited time, horizon and mostly on a small scale the entrepreneur of J.B.Say can only produce limited results , society must produce Schumpeterian innovator with a long horizon and capable of achieving substantial transformation^{.[7]}

View The Modern Concept Of Entrepreneur: Schumpeter's

A stress on personal qualities of the entrepreneur is clearly observed in Schumpeter's concept of entrepreneur when he says the entrepreneur is not a man of ordinary ability but he is one who introduces something entirely new. He is a build man with special talent and he is the risk taking man who introduces innovation in the economy. He is a social and deviant. He is also a man with rational and scientific attitude and ambitions.

'The typical entrepreneur is more self centred than other types he relies less than they do on traditions and connection and because of his characteristic task theoretically as well as historically consists precisely uphold and creating new tradition. Although this applied primarily to his economic actions. It also extends to the moral, cultural and social consequences of it'^[8]

The motivating force behind the risk and bearing the uncertainty associated with the introduction of something new is explained as follows: First of all there is the dream and the will to found a private kingdom usually though not necessarily also a dynasty. Then there is the will to conquer the impulse to fight to prove one superior to others, to succeed for the sake not of the fruits of success but of success itself. Finally there is the joy of creating something new.^[9]

Schumpeter disagreed with Marshall on the concept of entrepreneur therefore does not consider all those heads of firms and industrialists or manager as entrepreneurs. In the earlier phase of capitalism the producer was always a capitalist, a technical expert , a manager and also a buying and selling agent. The functions from the essential function of the entrepreneur. The entrepreneur in Schumpeterian sense may or may not be a capitalist or a manager, he is merely an innovator who carries out discontinuous technological changes resulting in economic development. To him entrepreneur does not constitute any class. He states "Because being an entrepreneur is not a profession and as a rule not a lasting sense as for example land owners. Capitalist or workman do of course, the entrepreneurial function will lead certain class position for the successful entrepreneur and his family."^[10]

"Comparing the Schumpeterian entrepreneur with Marxian Capitalist, Irman Adelman has remarked " like the Marxian Capitalist who accumulates for the sake OF ACCMULATION THE Schumpeterian innovator innovates atleast in part for the sake of innovating"^[11] Schumpeter identified "entrepreneurial function as a distinctive function which yields distinctive returns and entrepreneurial gain as monopoly gain since it occurs due to the fact that competitors only follows at a distance"^[12] Emphasising on the modern concept of entrepreneur Higgins defined the basic function of an entrepreneur as "Entrepreneurship is meant tha function of seeking investment and production opportunity organising an enterpsise to undertake new production process raising capital hiring labour arranging the supply of raw material finding site introducing new sources of raw material and selecting top managers for day to day operation of the enterprise"^[13]

Conclusion

Entrepreneurs performs vital function in the economic development They are reffered to as the human agent needed to mobilise capital to exploit natural natural resources to create markets and to carry on trade . It might be said that the entrepreneurial input spells the difference between prosperity and Poverty among nations. both the macro and micro theory have assigned a passive role to entrepreneurship

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