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Evolution and Essence: Exploring Entrepreneurship through History and Character Traits

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ABSTRACT :

This paper explores the concept of entrepreneurship by examining various definitions provided by scholars over time. It highlights the historical development of entrepreneurship and its significance in today's global economy. Throughout history, entrepreneurship has evolved from hunting and gathering to farming, trade, and creative pursuits. India's ancient entrepreneurial spirit and interconnected trade routes are noted. Common characteristics of entrepreneurs include innovation, risk-taking, resilience, vision, adaptability, self-motivation, networking skills, resourcefulness, and persistence are discussed.

Key words:

Entrepreneurship, Evolution, Endeavors

This paper is presenting the meaning, scope and development of the term entrepreneurship with the help of definitions produced by various scholars over a period of time. The development of entrepreneurship is as old as human beings. In the contemporary world when establishing and running enterprises are needed in any country's economy, understanding the term entrepreneurship is equally important.

Entrepreneurs, are people who start new things and come up with new ideas, have been responsible for introducing new ventures, making money, and helping society to move forward.

Every country is unique in its culture, social and economic factors but the most important thing in any country is its people because they bring new ideas, do good things, and find creative solutions to problems. These people are called entrepreneurs, and right now, they are really needed.

Throughout history, people evolved from hunting and gathering to farming, trading surplus food, and engaging in creative endeavours. As communities grew, interdependence increased. India, with its ancient history of trade and entrepreneurial spirit, saw individuals taking risks, specializing in various skills, and benefiting from interconnected trade routes.

The late 18th century marked a profound shift with the Industrial Revolution, introducing machinery and factories.

In the 21st century, entrepreneurship has seen significant changes, particularly in technology, biotechnology, and renewable energy sectors, with abundant financial and support resources available for startups.

The term Entrepreneur has been in use for two centuries. It originated from the French word entreprendre, which meant 'to undertake'. Entreprendre was made with two words entre and prendre. Here entre means between and prendre means to take.[1]

Historically the term was even used to describe the people who were involved in trading activities and able to open the organisations for the same.[2]

Then the term was linked to military commanders who waged wars for various motives, often driven by economic gains. These leaders needed to rapidly adapt to unforeseen situations, relying on their instincts as their guide. This analogy highlights the importance of adaptability, quick thinking, and the ability to navigate uncertain terrain in the pursuit of entrepreneurial success.[3]

Over time, the term "entrepreneur" began to encompass both merchants as well as adventurers. Much like military leaders, they too willingly embraced risk.[4]

Let's see the meaning in the Oxford dictionary and Encyclopaedia:

As per the Oxford Dictionary, an entrepreneur is "A person who sets up a business or takes on financial risks in the hope of profit". In the English language generally, the entrepreneur is the one who manages profitable and non-profitable businesses.

According to the International Encyclopaedia, **an entrepreneur is** "An individual who bears the risk of operating a business in the face of uncertainty about the future conditions."

The 1762 dictionary of the **Academie Francaise** defined ' Entrepreneur in different terms' as a person who undertakes a substantial project at a fixed price, such as fortification, a port, a city street etc.[5]

UNIDO (United Nations Industrial Development Organization) defines entrepreneurship as the process of using initiative to transform a business concept into a new venture and diversify existing ventures or enterprises to high-growing venture potentials.[6]

There are so much research done on ‘what entrepreneur means’ by economist, sociologist, and psychologist and could not reach on common consensus. Some define him as a manager, some as an innovator and some as a producer. To understand the theories we need to see the work done on entrepreneurship by some great researchers.

Stevenson and Jarillo (1990) stated that “ The entrepreneurship is a process of creating value by bringing together a unique package of resources to exploit an opportunity”.[7]

Kreiser and Davis (2010) have defined entrepreneurship as a proactive and future-oriented approach that involves identifying opportunities, introducing new products or services ahead of competitors, and taking actions to shape the business environment based on anticipated future.[8]

Richard Cantillon called entrepreneur as a risk-taking individual who organizes and coordinates resources to create value.[9]

He was one of the 18th-century economists, who is often regarded as the forefather of entrepreneurship theory in his Essai sur la Nature du Commerce en General. He stressed that an entrepreneur is an investor who tries to profit from the market’s inefficiencies and is a gambler who bears all the risk by buying at a fixed price but is not sure about the selling price. His income definitely will be uncertain.

For Cantillon, entrepreneurs are all those people who invest in resources to sell in the future at uncertainity.[10]

His entrepreneur invests resources, takes risks and coordinates various functions in production, resource allocation and marketing. As per him, Entrepreneurs unite land, labour, and capital to produce goods and services. They identify lucrative prospects, coordinate resources, and supervise production processes, thus ensuring the effective allocation and utilization of resources within the economy.

Next scholar who worked on the Entrepreneurship is Adam Smith.

In his book ‘The Wealth of nation’ he stressed on division of labour among all to gain efficiency and specialization which is crucial for a nation to grow. He viewed entrepreneurs as both business-minded individuals and forward-thinkers who possess deep market knowledge and understand the potential for their goods and services. Entrepreneurs are agents of change who transform production resources for their own growth and to improve their business environment. In Adam Smith's view, entrepreneurs not only pursue their interests but also consider the needs of society while managing their businesses. They are members of society and have a responsibility towards it. Their ethical and moral values guide their managerial tasks. His emphasis on moral responsibility toward the community makes him a proponent of social entrepreneurship. Smith believed that "The free enterprise system was nurtured in an environment with a strong ethical consensus – a necessity for its existence".[11]

Jean Batiste Say was a great French economist. He said that the entrepreneur is the main agent of production due to his quality of good judgement.

Say's Law can be summarized by the statement, "Supply creates its own demand."[12] According to Say, the production of goods and services generates income for individuals, allowing them to demand other goods and services.

He stressed Entrepreneur undertakes a business entity, especially as an organiser and acting as an intermediary between other factors of production i.e. land, labour and capital.[13]

Joseph Alois Schumpeter: Schumpeter was an American economist and sociologist originally from Moravia, renowned for his theories on the development of capitalism and the patterns of business cycles. He believed that the key skill of an entrepreneur is being creative and coming up with new ideas. In simpler terms, entrepreneurship means making changes in society, the economy, and business technology that improve people's lives. His theory often called the theory of innovation and creative destruction, changed the meaning and role of entrepreneurship forever.

Schumpeter characterized innovation as a "spontaneous and discontinuous change in the pathways of progress, a disturbance of the existing balance that permanently modifies and replaces the previously established equilibrium."[14]

He said that making new and better products is a big reason why the economy grows. Entrepreneurs make new things or make old things better so that people like them more. This shakes up the markets we already have, makes people want new things, and helps companies to do better. Besides making new products, Schumpeter also talked about making things in a better way. Entrepreneurs come up with new ways to make stuff that is faster, cheaper, and better. This helps companies do well by making their work smoother and using resources wisely.

Peter Drucker: Drucker put forth a definition of entrepreneurship as the pursuit of an opportunity that represents a significant departure from the existing state of affairs.[15]

They start a new group to make things better for everyone involved. He stressed customer centric approach in entrepreneurship. As per him understanding the needs and requirements of customers is most important. Drucker also emphasized the need for continuous learning and improvement to stay ahead in the fast-paced business environment. Drucker talked about "social entrepreneurship" which means entrepreneurs try to make the world better by doing good things for society while also making money.

Israel Kirzner: Kirzner's theory emphasizes the role of entrepreneurial alertness and discovery in the market process. It focuses on the entrepreneur's ability to identify and exploit profit opportunities that arise from market disequilibrium. [16]

In Kirzner's theory, entrepreneurship meant finding chances to make money that no one noticed before. These chances happen when the market isn't balanced, like when there's a difference between what's available and what people want. Entrepreneurs are important because they see these opportunities and use them to make things better for their enterprise.

McClelland's theory of entrepreneurship:Need for Achievement (nAch)

McClelland's theory posits that the need for achievement is a key motivator for entrepreneurial behaviour. His entrepreneur is responsible, take on challenging task, actively seek feedback, takes initiative and is persistent. The need for power and achievement is the main motive for his entrepreneurship.

After analysing the perspectives and theories of all scholars we can identify certain characteristics of entrepreneurs. These are as follows:

1. Innovative: Entrepreneurs are creative thinkers who come up with new ideas and solutions to problems.
2. Risk-Taker: They are willing to take calculated risks, even when there's no guaranteed outcome.
3. Proactive: Entrepreneurs are action-oriented and take the initiative to make things happen.
4. Resilient: They can bounce back from setbacks and learn from failures.
5. Visionary: Entrepreneurs have a clear vision of what they want to achieve and are determined to pursue it.
6. Adaptable: They can adjust to changing circumstances and pivot when necessary.
7. Self-motivated: Entrepreneurs are driven by their own internal motivation and passion.
8. Networking Skills: Building and maintaining relationships is crucial for entrepreneurs, as it often opens up opportunities.
9. Resourceful: They find creative solutions to challenges, often with limited resources.
10. Persistence: Entrepreneurs don't give up easily and keep working towards their goals, even in the face of obstacles.

In conclusion, entrepreneurship is a dynamic and essential force in society and the economy. It involves individuals who identify opportunities, take calculated risks, and work passionately to create new businesses or innovate within existing ones. Entrepreneurs are driven by a desire to bring about positive change, whether in terms of product or service innovation, economic growth, or social impact.

Throughout history, entrepreneurship has played a crucial role in driving economic development, job creation, and technological advancements. Today, it continues to thrive in various forms, from small start-ups to large corporations, and across industries such as technology, healthcare, and renewable energy.

The characteristics of entrepreneurs, including innovation, risk-taking, resilience, and adaptability, are essential not only for business success but also for addressing the challenges and opportunities of our rapidly changing world.

As we move forward, fostering and supporting entrepreneurship remains vital for driving progress, promoting economic vitality, and addressing pressing global issues. Entrepreneurs will continue to shape the future by identifying unmet needs, creating solutions, and driving positive change in society and the global economy.

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