

ENTREPRENEURSHIP AND ITS EVOLUTION

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Entrepreneurship has been understood in different ways; the ability to assume risks in areas which no one else is willing to, the drive for innovation, and the ability to spot untapped business opportunities in the market. The lack of a universal definition for entrepreneurship reflects the fact that it is a multidimensional concept.

The way in which entrepreneurship is conceptualized depends on whether the perspective is management or economic. On the other hand, from an economic perspective, an entrepreneur is someone who is tasked with the responsibility of making informed decisions which affect the use of goods, resources or institutions. On the other hand, from a management perspective, an entrepreneur identifies opportunities, gathers required resources and does what is necessary in a timely manner to reap benefits.

Entrepreneur, which is a word of French origin means adventurer. When revisiting the origin of this term, it is apparent that this word was first coined in the early 18th century by an Irish-French economist Richard Cantillon, who identified an entrepreneur as a person who takes risks for a financial gain. Subsequently, a French economist J.B. Say added to Cantillon's definition that entrepreneurs need to be leaders as they are the ones who bring other people together to build a single organization. Over the next century, British economists such as Adam Smith, David Ricardo, and John Stuart Mill briefly touched on the concept of entrepreneurship. Alfred Marshall, formally recognized by 1890 that there are four factors of production: land, labour, capital and organization, where organization is the coordinating factor, which brings the other factors together.

Marshall also pointed out that entrepreneurship is the driving element behind an organization. Marshall was also one of the early believers that the skills associated with entrepreneurship are rare and limited in supply. Yet, he also believed that people can be taught to acquire the abilities that are necessary to be an entrepreneur. As the discussion shows, throughout the evolution of the theory of entrepreneurship, different scholars have identified different characteristics as common among most entrepreneurs. Entrepreneurship is defined taking into account these different views which suggest that entrepreneurs are risk-bearers, coordinators, organizers, gap-fillers, leaders, and innovators or imitators. Although this list of characteristics is by no means fully inclusive, it can help explain why some people become entrepreneurs while others do not. Thus, by encouraging these qualities and abilities, governments can improve their supply of domestic entrepreneurship.

While there are different meanings associated with entrepreneurship, many agree that it aids economic growth in any country. Growth occurs through identifying, assessing and exploiting business opportunities; by creating new firms and/or renewing existing ones by making them more dynamic; and by driving the economy forward through innovation, competence, job creation- and by generally improving the wellbeing of society.

The value of entrepreneurship as an engine for growth has resulted in many developing countries such as China and India encouraging growth of small and medium (SME) enterprises. For instance, in China there are over 115 university science parks and over 1600 technology business incubators which mentor and provide legal advice and office



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space to budding entrepreneurs. In the Sri Lankan context too there are many entrepreneurs working tirelessly, shaping their business ideas. Yet one issue in Sri Lanka, and for that matter in most countries is the lack of access to adequate funding. The main issue with access to funding is that it is difficult for them to obtain bank loans as they seldom meet the criteria imposed by the banks. While the well-connected entrepreneurs receive support from various institutions in terms of financial support, the average entrepreneur does not receive any such help although they have innovative and marketable business ideas. As a consequence, entrepreneurs get discouraged soon. In recent years, however, particularly in

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the more developed countries a whole industry has grown up to fund entrepreneurs—the venture-capital industry, which funds attractive business ideas and later shares the profit outcomes of their endeavour.

Some ways in which countries can foster a conducive environment for entrepreneurship is through:

- (1) providing easier access to funds,*
- (2) facilitating entry and exist to the industry,*
- (3) other government support programmes, and finally*
- (4) promoting certain qualities and abilities.*

Access to funding could be made possible through loan guarantee schemes or access to venture capital. Entry and exit into certain industries should be made easier by reducing the number of administrative procedures which need to be conducted in either case. The government can also design various programs to assist disadvantaged enterprises. Finally, the government can promote cultivation of certain qualities and abilities such as risk taking and innovation especially

among the youth, as they are the future of a country. In fact, some governments urge their youngsters to think of entrepreneurship as a career option upon graduation, where they will be the ones hiring instead of waiting to be hired.

It is clear that for an entrepreneurial mission to be successful, both skills and capabilities and also the business environment or the country context matters. Yet, though the context in which entrepreneurs operate determine whether they are able to transform their business ideas into profit, adverse conditions itself will not necessarily be able to totally suppress their entrepreneurial nature, attitudes, skills and motivations. However, the responsibility of ensuring that enthusiastic entrepreneurs are not discouraged, and that entrepreneurial environment is well maintained, lies with a country's government.

If the current context of entrepreneurship is compared to that of about a decade ago, becoming an entrepreneur is much favoured in today's context, where most people don't want to work under anyone, but be their own boss. Back in the

day the most natural choice after graduation was to opt for either a government sector job or a private sector full time job which carried minimum risk. Entrepreneurship was a less chosen career path. The shift in this perspective is particularly visible, whereby both the government and universities are promoting entrepreneurship as a career choice. Universities are designing courses tailored to develop youth with entrepreneurial skills. Further, the media is portraying it as glamorous occupation which anyone can opt for. Yet in reality it is not for the faint hearted as there are multiple risks involved. In fact, it appears that there are generational differences which also make entrepreneurship a more attractive choice of employment. For instance, millennials are said to be more risk taking and open to failure as opposed to the predecessors.

Summing up, there seems to be a positive outlook for budding entrepreneurs with regards to access to funding and social acceptance of entrepreneurship as an employment choice. It is thus time to propel nations towards prosperity through entrepreneurship ■