

AN OVERVIEW OF ENTREPRENEURSHIP

Factors of production mean inputs and finished goods mean output. Input determines the quantity of output i.e. output depends upon input. Input is the starting point and output is the end point of production process and such input-output relationship is called a production function. All factors of production like land, labour, capital and entrepreneur are required in combination at a time to produce a commodity. In economics, production means creation or an addition of utility.

1.1 Entrepreneurship as a Factor of Production

Factors of production (or productive inputs or resources) are any commodities or services used to produce goods and services. 'Factors of production' may also refer specifically to the primary factors, which are stocks including land, labor (the ability to work), and capital goods applied to production. The primary factors facilitate production but neither becomes part of the product (as with raw materials) nor become significantly transformed by the production process (as with fuel used to power machinery). 'Land' includes not only the site of production but natural resources above or below the soil. The factor land may, however, for simplification purposes be merged with capital in some cases (due to land being of little importance in the service sector and manufacturing). Recent usage has distinguished human capital (the stock of knowledge in the labour force) from labour (Samuelson and Nordhaus, 2004). Entrepreneurship is also sometimes considered a factor of production (Sullivan and Sheffrin, 2003). Sometimes the overall state of technology is described as a factor of production (Parkin and Esquivel, 1999). The number and definition of factors varies, depending on theoretical purpose, empirical emphasis, or school of economics (Friedman, 2007).

Consider entrepreneurship as a factor of production. In markets, entrepreneurs combine the other factors of production, land, labour, and capital in order to make a profit. Often these entrepreneurs are seen as innovators, developing new ways to produce and new products. In a planned economy, central planners decide how land, labour, and capital should be used to provide for maximum benefit for all citizens. Of course, just as with market entrepreneurs, the benefits may mostly accrue to the entrepreneurs themselves. The word has been used in other ways. The sociologist C. Wright Mills refers to "new entrepreneurs" who work within and between corporate and government bureaucracies in new and

different ways (Collar, 1956). Others (such as those practicing public choice theory) refer to "political entrepreneurs," i.e., politicians and other actors.

1.2 Definitions of Entrepreneurship

One of the major achievements of our time is the understanding of the role of entrepreneurship in the process of economic development. Entrepreneurship pervades nearly every aspect of economic development; not only does it spur growth through the introduction of new combinations it also creates incremental improvements that over time exerts Cumulative effects.

Entrepreneurship according to Walter (1989) can be defined in terms of the following three essentials and linked attributes:

- (i) Ability to perceive profitable business opportunities.
- (ii) Willingness to act on what is perceived and
- (iii) The necessary organizing skills associated with the project.

Therefore, entrepreneurship refers to the act or process of identifying business opportunities and organizing to initiate a successful business activity. Entrepreneurship is different from management and entrepreneurship, using the words of Stoner, Freeman and Gilbreth (1995) entrepreneurship involves initiating changes in production, whereas management involves the ongoing coordination of the production process.

Entrepreneurship refers to one of the ways of making organizations to be adaptive. It is the practice of corporate entrepreneurship where managers begin and develop new business ventures within the structure of an existing organization.

Entrepreneurship is seen as a novel activity which creates organizational change and economic value.

Mazuka and Birley (2009) explained that entrepreneurship is the process of:

- I. Identifying and developing and opportunity in the form of a vision
- II. Validating and conceptualizing a business concept and strategy that help attain the vision
- III. Marshalling the required resources to implement the concept
- IV. Implementing the business concept or venture

- V. Capturing the opportunity through the growth of the enterprise
- VI. Extending the growth of the enterprise through sustained entrepreneurial activities
- VII. Capturing greater value in the market place.

1.3 The Three dimensions of entrepreneurship

Entrepreneurship is regarded as an important part of modern economics, social and political life. According to Stoke, Wilson and Mador, the Variety of definitions of entrepreneurship offered by a number of authors could be categorized into three main dimensions, which focus attention on: **Behaviors, processes and outcomes.**

Process dimension of Entrepreneurship: Mazuyka and Barley describe it as the process activities undertaken by entrepreneurs. Definitions under this category are mostly concerned with what is involved in entrepreneurship and why it matters to individuals, organizations and society as a whole.

For example:

- Entrepreneurship is the process of creating something new of Value by devoting the necessary time and effort, assuming the accompanying financial, psychic and Social risks and the resulting awards of monetary and personal Satisfaction and independence.
- Entrepreneurship is seen as a novel activity which creates organization change and Economic Value.
- Entrepreneurship is the process by which individuals either on their own or inside organizations pursue opportunities without regard to their sources they currently control.

The main focus of the process dimension is in the development of a new business or innovation Strategy and the writing of a business plan activities that are sometimes considered as surrogate for the entrepreneurship process itself.

Behavioral dimension of Entrepreneurship: These definitions highlight the role of entrepreneurs and the behaviors that distinguish them from others.

For example:

- Entrepreneurship is a type of behavior that includes: initiating taking, the organizing and reorganizing of Social and economic mechanisms to turn resources and situations to practical account in the acceptance of risk and failure.
- Entrepreneurship is a way of thinking, reasoning and acting that is opportunity based, holistic in approach and leadership balanced.
- Entrepreneurship consists of the Competitive behaviors that drive the Market process.
- Entrepreneurship is the characteristics of Seeking opportunities, taking risks beyond security and having the tenacity to push an idea through to reality.

Out comes dimensions of entrepreneurship: These definitions focus on the results of entrepreneurship. Outcomes are usually understood in terms of new products and Services innovation ‘new ventures and or creation of value for Society.

For example:

- Entrepreneurship is the dynamic force that facilitates the Creation of incremental wealth.
- Entrepreneurship results is the Creation, enhancement realization and renewal of value, not just for the owners but for the participants and stakeholders.

1.4 Key features of the Entrepreneurship Definitions

- The environment within which entrepreneurs occur.
- The people engage in entrepreneurship.
- Entrepreneurial behaviors displayed by Entrepreneurs.
- The creation/ establishment of organizations by entrepreneurs.
- Opportunities identifications and exploitation.
- Innovation, whether incremental radical and or transformative.
- Assuming risk, at personal, organizational and even societal levels.
- Adding Value to the entrepreneur and Society.

THEORIES OF ENTREPRENEURSHIP

2.1 Theories of Entrepreneurship

The nature of the debate on entrepreneurship is a Continuing one and has beheaded its way raising the Specters of what Constitutes entrepreneurship. Economists, who are the first to use the term entrepreneur in 1816, hold different and opposing views and Sound Sciences is no further in the understanding of this phenomenon. Hence, there is no unifying theory of entrepreneurship, but rather a series of factional oppositions often fatting within a particular body of Knowledge. However, the wealth of the current research can be boiled down to rather modest perspectives of Entrepreneurship. These perspectives reflect the three dimensions of entrepreneurship already introduced.

2.1.1 The functional Perspective

Early theories of Entrepreneurship originated in the field of Economics. The primary Aim was to define the entrepreneurial function, which could be explained by the activities and behaviors (or characteristics) of entrepreneurs. The functions approach Succeeded in the conceptualizing the Concept of Entrepreneurship in terms of the entrepreneurs interaction with his/her environment

2.1.2 The Personality perspective

In a Study conducted by Cramie and Johns in 1983, they argued that entrepreneurship is a personality variable Thereby Shifting the focus of attention to the entrepreneurs. The personality approach holds that certain Individuals possess a distinctive range of personality characteristics or constellation of traits which could claim predisposed them to entrepreneurial activities. These characteristics include a high need for achievement internal locus of Control, risk taking propensity and efficacy. This approach has suffered from a number of Criticisms. Some of the Criticisms focused on the static nature of the approach in Understanding the entrepreneur, giving little or no room for the individuals concerned to develop, learn and change.

2.1.3 Behavioral perspective

In an attempt to address the Criticisms of the personality approach, entrepreneurship Scholars has developed a More Comprehensive model that emphasized the process-based view of a new venture creation. The Principal aim of this approach is to explain the functions, activities, and actions associated with the perceiving of opportunities and the Creation of an organization to pursue them. It focuses on what entrepreneurs do, rather than who they are. This perspective is especially promising for training and Educational endeavors in entrepreneurship. It endorses the view that the most important driver of value Creation is the enterprise and Creativity of individuals, assets which only the individuals themselves can own. One of the major Concerns of this perspective is that it fails to take into account the ability of entrepreneurs to learn and adapt once the venture is established.

2.1.4 The Dynamic learning perspective

This perspective goes beyond the Venture Start up phase to consider the Complex ways in which entrepreneurs learn to adapt as their enterprise grows. It has important implications for the role of entrepreneurship in established and larger firms.