

THE INTERNATIONAL JOURNAL OF BUSINESS & MANAGEMENT

Entrepreneurship : A New Perspective

Neha Kashyap

Delhi School of Economics, Delhi University, India

Abstract:

Once upon a time when people run to get a job but by passing of time new perspective arise where entrepreneurs not only they have jobs but have are job creators so new paradigm shifts from job holder to job creators. More than 4 billion people in the world live on less than \$2 per day, and they are not just in developing countries. In recent years, there is a trend of greater interest of entrepreneurs in social causes. However, people have experienced an economic recession since December 2007 that is expected to last into 2010, the longest since the Great Depression of the 1930s. As a result, the authors propose the question; does it take an economic recession to advance social entrepreneurship? The findings determine that during the recession such factors as low cost of skilled labor, less expensive supplies, tax benefits, new web tools, blogs, social networks make it easier to enter into a social entrepreneurial venture. This literature review examines how entrepreneurship and regional development has been previously addressed theoretically and empirically. Regional Studies and Entrepreneurship are two fields with their own distinct literature. Now is the best time to be your own boss, and to have the freedom and flexibility to work and to better societal needs.

Key words: *entrepreneurship, global crises, regional development*

1. Introduction

This paper examines the impact of global financial crisis on the world's economy and the use of the entrepreneurship as an essential tool for economic reconstruction, growth and development.

2. The Global Financial Crisis Timeline

Warne (2008) believes that it is a matter of confidence of investors, as long as it is restored, crisis will be over, but it cannot be done when we daily hear news about the abandonment of financial institutions. It needs some financial stability.

3. Governmental Response to the Global Financial Crisis

Governments are providing support and doing whatsoever they can to protect their economic structure. The government of the United States of America (USA) injected \$800 billion into the economy to support its structure, the United Kingdom (UK) government has announced a package of \$692 billion, European Union is about to start an economic recovery plan and the International Monetary Fund (IMF) has called for minimum financial support of \$100 billion (BBC news, 2008).

In Nigeria, the government has injected the sum of over N760 billion into the economy through the financial sector. This was as a result of eight (8) Nigeria banks that became distressed as a result of the global financial crisis.

The Indian economy is in a dangerous position today and the situation can potentially spiral out of control. Here's how. A current account deficit occurs when a country is importing more goods and services than it is exporting (if the reverse was true, it would be in a surplus). India's current account deficit has exploded 1125 per cent since 2007, going from \$8 billion to \$90 billion. In other words, India is importing \$90 billion more than it is exporting.

However, in 2007, India had \$300 billion in foreign exchange reserves. It could cover its current account deficit 37.5 times over. Currently, India's foreign exchange reserves have gone down to \$275 billion: it can only cover its current account deficit 3 times.

4. Re-Invention of the Global Financial Crisis Through Entrepreneurship

There is no time like a downturn to take advantage of entrepreneurial thinking. At a time when the entire economies and industries are reeling from the financial crisis, business leaders are struggling to balance the near term needs of survival with the long term demand to find new sources of growth. Never has the need to innovate and be entrepreneurial been more urgent.

A large body of academic research and real world business experience has established a clear connection between entrepreneurship, innovation and economic growth. By developing new products and services, revamping organizational processes or adopting fresh approaches to partnerships, companies can take advantage of the downturn to transform their businesses.

When people are forced into the marketplace through layoffs or economic disruption, that is, when you tend to see an entrepreneurial spirit emerges. Entrepreneurs are by nature, innovative. So during recessions, you see more entrepreneurship and therefore more innovation.

Tough economic times do generate more innovative ideas because you have people who are fleeing the corporate environment and branching out on their own, says, Michael Peek, Managing Partner for Open Praise Ventures.

Entrepreneurs see the economic slowdown as the perfect time to pursue new market opportunities. In addition, economist academics and the industry leaders all agree that recessions tend to favor the naturally innovative temperament of the entrepreneurs.

An entrepreneur is nothing else than the person who starts an enterprise. The process of creation, including originality, capabilities, skills and difficulties is called entrepreneurship. The entrepreneur is the actor and entrepreneurship is the act and the economic world is the scene, in a period of crisis or during an economic boom, all these periods delimiting a continuous cyclical evolution as plays.

Finally to close the circle, the outcome of the actor and the act is defined as the enterprise which is a business organization that is formed and which provides goods and services, creates jobs, contributes to the national income, imports, exports and above all sustainable economic development. An enterprise is a business venture.

Entrepreneurship centers on the ability to seize opportunities, to deal with uncertainty, to gather the necessary resources, to act in anticipation of future problem, needs or change, to outperform rivals in marketplace (head-to-head confrontation) and to organize business processes to pursue specific goals.

An entrepreneur has an enthusiastic vision and detects a previously untapped opportunity to make substantial profits, being usually a positive thinker and a decision maker. It has inspiration, motivation, and sensibility and creates rapidly substantial wealth, assuming risks and often involving substantial innovation.

Nafziger Wayne (2006) says that “the entrepreneur can be viewed in at least four ways:

- As the coordinator of the other production resources (land, labour, and capital)
- As a decision-maker under uncertainty.
- As an innovator and
- As the gap filler and input completer”.

The critical role of entrepreneurship in rebuilding the economy is as contained in the works of Won (2007). When he stated that due to its ability of innovation and the growth of investment, entrepreneurship is able to play a vital role in the current financial scenario by creating job opportunities and economic growth.

Social entrepreneurship is an opportunity by which for-profit organizations establish relationships and ventures with not-for-profit organizations in which the primary focus is civic involvement that leads to social change. Specifically, it is those “individuals who combine the pragmatic and results-oriented methods of a business entrepreneur with the goals of a social reformer” (Hsu, 2005, p. 61). Therefore, social entrepreneurship is an innovative, value creating approach of using entrepreneurial and business skills for the betterment of societal needs and “in the pursuit of high social returns” (New York University, 2009). Current social concerns and causes are traced to the activists in the 1960s and early 1970s, e.g., advancing an individual’s rights (Green & Chen, 2009). Martin Luther King had “I Have a Dream” (civil liberties). President John Kennedy advanced the Consumers’ Bill of Rights (consumer protection). Women’s liberation (equality), anti-Vietnam War (peace), and many other movements were having significant, lasting influences and impacts on what societal norms should be. These “free spirits” were based on fairness, independent thinking by means other than “the usual rules” that were viewed at the time as anti-establishment. As a result, “the usual rules” pertaining to individual rights have changed but continued interests and movements for societal issues and concerns remain.

Societal needs are many but generally are in the broad areas such as poverty, healthcare, labor practices and the environment. The issues and concerns are being addressed by businesses that go beyond producing and marketing “toothpaste, soap, and steel.” For instance, over 4 billion people in the world live on less than \$2 per day, and not just in developing countries (Prahalad, 2005). Prahalad identifies these people as being at the Bottom of the Pyramid (BOP) and states, “if we stop thinking of the poor as victims or as a burden and start recognizing them as resilient and creative entrepreneurs and value-conscious consumers, a whole new world of opportunity will open up” (2005, p. 1). This is a viable market in population and purchasing power. The nine largest developing countries (China, India, Brazil, Mexico, Russia, Indonesia, Turkey, South Africa, Thailand) together have 70% of the developing population and a Gross Domestic Product (GDP) of \$12.5 trillion, larger than Japan, Germany, France, the United Kingdom and Italy collectively. The opportunities for entrepreneurs, employees or consumers require shared efforts between firms, governments and nongovernment organizations (Prahalad, 2005).

Entrepreneurship is a term of art, and as a term of art, entrepreneurship represents a phenomenon of importance for those who practice it, study it, as well as for the communities that support and depend upon it. Yet, entrepreneurship is in danger of losing its meaning and usefulness in the grammar of business, economics, and public policy, because entrepreneurship is being used to simplify the explanation of nearly everything that is good about business. Matlay notes that “In practice entrepreneurship has entered everyday parlance and, as a generic term, is used in a variety of contexts and it encompasses a broad range of interchangeable meanings and situations” (Matlay, 2005). If an activity involves risk and uncertainty along with some kind of reward, entrepreneurship is the term used to name that activity. In fact, the word entrepreneurship is being used to name a strategy that firms can use to succeed. Several scholars have developed a model to explain how a firm can use entrepreneurship as a strategy (Meyer and Heppard, 2000). Though we all recognize that “entrepreneurship is fundamentally personal” (Baum, et al, 2007, p1). In entrepreneurship is seen from different perspectives: The general public views entrepreneurship as the path to independence, ownership, and great wealth; academics view entrepreneurship in terms of behavior, process, attributes, cognition,

innovation, and from micro- and macroeconomics perspectives; while policymakers focus on the outcomes of entrepreneurship such as job and wealth creation, community development, and quality of life created by the social entrepreneur. Each perspective offers a different definition of entrepreneurship; a different outcome. Are these perspectives opposing or complementary? Are we seeing different faces of the same phenomenon or does each perspective represent a distinctly different phenomenon that we happen to name entrepreneurship for convenience?

4.1. Economic Recession as an Opportunity

The issues and concerns were established, the important role of higher education was discussed, global responses by some current participants were presented and finally the United States-based corporate reactions were investigated. In this section, the study concludes with identifying current examples that this, in fact, does support an opportunity to successfully initiate social ventures. Globally, while the recession does affect social entrepreneurs, they have certain advantages that other businesses might not. In India, the CEO of a social communication agency

Other opportunities have been identified, e.g., better at managing costs, being creative and innovative, attractive to those firms looking for low cost, innovative partners, increasing interest of volunteerism, and availability of low cost skilled and professional labor (Segran, 2009). In the United States, the same guarded opportunistic mindset appears. As Jack Welch, the former CEO of General Electric, has stated, “control your own destiny or someone else will” (Anderson, 2009). Much of this control is a mindset. For example, an entrepreneur leaves the job of working for someone else and creates his/her own income sources that he/she can control. In today’s job market, this interdependency may not have been by their choice but that in and of itself is the opportunity, rather than seeking and waiting for the next job.

4.2. Entrepreneurship as a Source of Change

Where do we begin to explain the entrepreneurship phenomenon from a three-dimensional perspective? The answer is to begin from its most common element. What is entrepreneurship’s most common element? Change is the most common element. Change is an implicit or explicit aspect of our collective understanding of entrepreneurship. The notion of change is inseparable from the phenomenon of entrepreneurship, i.e., to have entrepreneurship without change is simply impossible. In fact, scholars discuss entrepreneurship within the context of the need for change. In fact, we seek an entrepreneur when a change is needed due to the failings of the status quo. The central role of change in entrepreneurship is succinctly stated by Baum: “The central theme of the process model (of entrepreneurship) presented can be stated in a single word: change. The model assumes that entrepreneurship unfolds over time and that during different phases of the process, entrepreneurs are engaging in somewhat different activities” (Baum, et al, 2007).

People also agree that the entrepreneurs effect change in the world, because entrepreneurs perceive the world differently; believe in their ability to effect change; and have the skills to act on those two perceptions. Additionally scholars also agree that the notable achievements of these actions result from the inclination and ability to challenge conventional thinking, behave differently than those maintaining the status quo, and exhibit considerable confidence when effecting the change. Consequently, this paper places change at the epicenter of the “Definitional Sphere of Entrepreneurship” as an essential component for an understanding of the phenomenon, because entrepreneurship is viewed as a source of new ventures that create new methods of production or new markets

5. Entrepreneurship and Regional Development

Overall, regional development is understood as a dynamic process (Fischer and Nijkamp 2009) and refers to the provision and assurance of equal opportunities, and sustainable economic and social well-being of individuals in areas that are typically less developed. Regional development can include several dimensions: (i) The spatial and territorial dimensions (that is space and place, Johannisson and Dahlstrand 2009), and the (ii) Time and historical dimensions (Johansson 2009). These dimensions are more precisely: life-setting (for example urban, peripheral, outskirt, and rural area), economic (for example regional economic growth, new firm formation rates), outlook competences/resources institutional and political and infrastructure (OECD 2009). Further, regional development implies an intention to change human behaviour and socio-economic contexts” into desirable, beneficial, and sustainable regional conditions (Cécora 1999). Hence, regional development is primarily given a positive connotation in the literature, whether in the entrepreneurship or regional studies literature.

Regional development is thus about transforming a region or locality, economically as well as socially. Berglund and Johansson (2007) underline that regional development is about social change and transformation, and, as change means to go from something stable and known to something less stable and more unknown we could imagine there are depending on the degree of stability - lots of interaction among the people involved”.

Simplified, economic development is about growth in GDP and local income and net job creation and growth. Social regional development on the other hand may contribute to (i) regional learning (Florida 1995), (ii) The development of cooperation, solidarity, participation and trust within a region by bringing various groups and institutions together” (Seidl et al. 2003), and (iii) The creation of pride in and support for the region, its heritage and its economy (Anderson 2000).

Basically there are nine elements on which comparison have done on the basis of social capital economics fundamental, innovation personal freedom, democratic institution, education, governance, health, safety and security. So basically it shows a comparison of India Israel china and U.S.A yellow have higher rank in an all the factors green line shows India and red line represent china and blue line shows Israel.

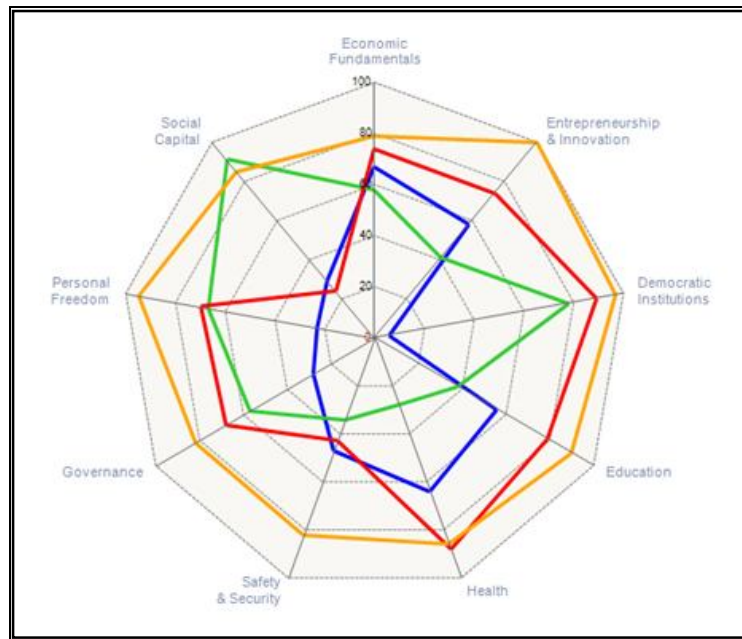


Figure 1: Global Prosperity Index and Entrepreneurship – A Comparison [India vs. China/Israel and US]

UK based Legatum Institute conducted an annual prosperity survey of 104 countries and measured countries on prosperity – not just wealth, but factors such as health, education, safety, governance, support for entrepreneurship/innovation etc.

The nine sub-indexes/parameters are:

- Economic Fundamentals – a growing, sound economy that provides opportunities for wealth creation
- Entrepreneurship and Innovation – an environment friendly to new enterprises and the commercialization of new ideas
- Democratic Institutions – transparent and accountable governing institutions that promote economic growth
- Education – an accessible, high-quality educational system that fosters human development
- Health – the physical wellbeing of the populace
- Safety and Security – a safe environment in which people can pursue opportunity
- Governance – an honest and effective government that preserves order and encourages productive citizenship
- Personal Freedom – the degree to which individuals can choose the course of their lives
- Social Capital – trustworthiness in relationships and strong communities.

Here is a comparison of India/China/Israel and US on different parameters [India: Green, China: Blue, Israel: Red and US: Orange]

6. Topentrepreneurs in World

- Bill Gates – Microsoft
Bill Gates was born in Seattle on October 28, 1955. He began programming computers at the age of 13. He attended Harvard for a period of time but decided to pursue a business venture, which is now called Microsoft.
- Donald Trump – Trump Enterprises
Donald Trump was born in New York City on June 14, 1946 to Mr. and Mrs. Fred Trump. Fred Trump was a real estate developer whom Donald worked for after spending five years at Wharton Business School of the University of Pennsylvania in 1968. He then chose to follow a larger ambition, and decided to make a move to Manhattan in 1971.
- Oprah Winfrey – Harpo, Inc.
Oprah Winfrey was born in 1954 in Mississippi. Oprah lived with her grandmother until the age of six. Although she endured a very traumatic childhood while living with her mother she rose to become one of the most admired entrepreneurs to this day. It was when she lived with her father at age 14 that she followed his inspiration and won a scholarship to Tennessee State University.

7. References

1. Anderson, A. R. (2000). Paradox in the periphery: An entrepreneurial reconstruction?, Entrepreneurship and Regional Development.
2. Baum, J. Robert, Michael Frese, and Robert Baron (2007).The psychology of entrepreneurship. Lawrence Erlbaum Associates, Publishers, Mahwah, NJ.
3. BBC News, (2008). Europe announces 20billion euro plan, (Online), Available <http://news.bbc.co.uk/2/h/business>.
4. Berggren, E., and A. L. Dahlstrand (2009).Creating an entrepreneurial region: Two waves of academic Spin-offs from Halmstad University, European Planning Studies.

5. Berglund, K., and A. W. Johansson (2007). Entrepreneurship, discourses and conscientization in processes of regional development, *Entrepreneurship and Regional Development*.
6. Cécora, James (1999). Cultivating grass-roots for regional development in a globalising economy: innovation and entrepreneurship in organised markets.
7. E. Wayne Nafziger (2006). *Economic Development*. Cambridge University Press.
8. Fischer, M. M., and P. Nijkamp (2009). *Entrepreneurship and Regional Development*, Working Paper: Research Memoranda 0035. Amsterdam: VU University Amsterdam, Faculty of Economics, Business Administration and Econometrics.
9. Florida, R. (1995). Toward the learning region, *Futures*.
10. Green and Chen, H. (2009). Free spirits to free buying behaviors: The fragmentation of household consumer markets.
11. Hsu, C. (2005). Entrepreneur for social change. *U.S. News & World Report*.
12. Jack, Sarah L., and Alistair R. Anderson (2002). The effects of embeddedness on the entrepreneurial process, *Journal of Business Venturing*.
13. Johansson, A. W. (2009). Regional development by means of broadened entrepreneurship, *European Planning Studies*.
14. Matlay, Harry (2005). Researching entrepreneurship and education: Part 1: What is entrepreneurship and does it matter? Emerald Group Publishing Ltd. www.emeraldinsight.com/004-0912.htm.
15. Meyer, G. Dale and Kurt A. Heppard. (2000). *Entrepreneurship as Strategy, Competing on the Entrepreneurial Edge*, Sage Publications, Thousand Oaks, CA, R.D.
16. Michael Fritsch (1994). The geography of firm births in Germany, *Regional Studies*.
17. New York University (2009). Social entrepreneurship .Berkley Center for Entrepreneurial Center, Leonard N. Stern School of Business. (http://w4.stern.nyu.edu/berkley/social.cfm?doc_id=1868).
18. OECD (2009): The impact of the global crisis on sme& entrepreneurship financing and policy responses. Turin, Italy. www.oecd.org/document
19. Prahalad, C.K. (2005). *The fortune at the bottom of the pyramid* . Upper Saddle River, NJ: Wharton School Publishing.
20. S .ashish (2009). *India Business*
21. Seidl, I., O. Schelske, J. Joshi, and M. Jenny (2003). Entrepreneurship in biodiversity conservation and regional development, *Entrepreneurship and Regional Development*.
22. Warne, K, (2008). Gaining a better understanding of the financial crisis, *Canadian Strategy Report*.
23. Won, K ,G (2009). The expansion of growth potential and entrepreneurship, *Industrial Economic Information*.
24. <http://profit.ndtv.com/news/forex/article-7-reasons-why-india-is-staring-at-a-currency-crisis-326532>
25. http://www.ehow.com/list_5843342_list-famous-entrepreneurs.html#ixzz2oZwbfgor