

NAME: Ganga Kuzhikkattil Subramanian

STUDENT NUMBER: 2130065

MODULE: LCMB7004

LECTURER: Isaiah Oino

COURSE: Master's in Business Administration

SUBMISSION DATE: 09/01/2023

TITLE: Entrepreneurship

Contents

1. Introduction	3
2. Significance of entrepreneurship and entrepreneurs	3
3. Distinguish between Enterprise and Entrepreneur.....	4
4. Entrepreneurship Theories	5
4.1 Leadership theory.....	5
4.2 Need achievement theory	6
4.3 Innovation Theory.....	7
5. Comparisons between ‘for profit’ and ‘not for profit’ small organisations600 (Include examples companies)	7
6. Conclusion.....	9
Reference.....	10

1. Introduction

Examining entrepreneurship theories, types, and values is the focus of the current report. Entrepreneurship is a broad idea and is more individualised. Personal qualities and external influences are just two of the many variables that might affect an enterprise's success. In addition to specific staff, partners have an impact on how a business is shaped. The study discusses the significance of entrepreneurship and how it affects society. Analysis of entrepreneurship with reference to small businesses. The report is explained how policymakers may foster entrepreneurship. Based on entrepreneurship values, the distinction between for-profit and not-for-profit organizations is critically examined.

2. Significance of entrepreneurship and entrepreneurs

Uno et al. (2021) mentioned that entrepreneurship contributes to the social and economic development of a nation. Moreover, an entrepreneur intends to create products, innovative materials and technologies. This results in the production and distribution of goods as well as services that promote the growth of the nation. Moreover, entrepreneurship assembles and coordinates human, financial and physical resources and also directs business achievement through various skills. However, in the economic development view, an increase in industrial development enhances the rate of capital formation in countries and thus stimulates the forces in the economy that focuses on capital formation. Entrepreneurship majorly contributes to the gross domestic product of a country, and economic cooperation and development give positive contributions to national development. While entrepreneurs also focus on sectors like education, community development and health and, through their contribution, enhance social development in society.

In addition, entrepreneurs have a major role in removing regional imbalances and also play an important role in the development and expansion of industries. Wang et al. (2022) pinpointed that the government of the nation should provide special concessions and rebates for the establishment of industries in middle-income and low-income countries. Further entrepreneurship helps to maintain regional development by establishing a business in remote as well as urban regions. The equitable distribution of developmental projects induces the forward and backward linkage that stimulates the economic growth of the nation. Moreover, economic and social development improves the living standard of individuals and facilitates productive organisations to raise the living standard of living. One of the major problems encountered by the nation is unemployment. Entrepreneurs establish new industries and thus create employment opportunities in various fields by undertaking innovative projects (Acs et

al., 2018). Thus entrepreneurship promotes innovation and new techniques and scientific approaches in developing products and services.

Additionally, as a part of research and development, institutions and universities provide entrepreneurship funds to encourage research, general development and economic development. Besides, innovation enables the development of the existing market and continuous search for a new market. Audretsch et al. (2019) pinpointed that risk-taking is one of the essential parts of entrepreneurship, and the entrepreneurs willing to take risks succeed in their endeavours. In addition, entrepreneurship fosters economic and social mobility that allows individuals to achieve success in proposed projects. The achievements in proposed projects enhance action-oriented and motivated individuals who promote social welfare. Furthermore, entrepreneurship allows individuals to build a career that deeply fulfils the experience, and the core values align with the values and beliefs of life.

3. Distinguish between Enterprise and Entrepreneur

Doern et al. (2019) mentioned that enterprise refers to the business started for a business carried out by entrepreneurs. Entrepreneurship consists of risk to attain profit and there are several reasons for introducing entrepreneurship. Entrepreneurship happens when there is a new idea that can be successful. Also when there is a gap in the current market that can be filled by something innovative then entrepreneurship occurs. Entrepreneurship also occurs when there is an idea for solving a particular issue prevailing in the business market. Also, competitive pricing is another reason to introduce a business to the market, when a particular product exists in a market. In the current business market, there are different types of enterprises such as public limited companies, partnerships, sole proprietorships, and private limited companies.

Kraus et al. (2020) indicated that sole partnership occurs in small companies such as decorators, painters, and single retail units which are mostly trade partners. The partnership comprises less number of individuals who share decision-making, profit, and ownership in the business. In partnership sometimes the services within the business will be divided. Additionally, in such partnership enterprises there will be a certain hierarchy that follows and classifies the partners as senior and junior partners. In a public limited enterprise, the company needs to maintain certain regulations and criteria like transparency, the financial health of the business, how long it has been trading, and most of the operations. Wadhvani et

al. (2020) stated that these companies have separate criteria for being legit and based on the government. The entrepreneur is someone who develops a new business and is responsible for the risks and profits that can be attained through business.

Commonly an entrepreneur is observed as an innovator who has invented new goods, services, procedures, businesses, and ideas. Entrepreneurs have an imperative role in the economy and fill the gap in the market. The entrepreneur utilizes the skills and makes changes that are essential for fulfilling the needs of the business. Success is the main objective of entrepreneurs and this consists of taking risks in a startup, going through tough processes, attaining rewards, and continuing growth. On the other hand, entrepreneurs who are not successful will only attain loss, risks, and less prevalence in the current business world. Chowdhury et al. (2019) revealed that entrepreneurs are responsible for making decisions that can improve the economy, the world and result in the growth of the world. Funding is the basic factor that determines the performance of entrepreneurs. The taxes entrepreneurs pay is fundamental to the world economy and this depends on the structure of the business.

4. Entrepreneurship Theories

4.1 Leadership theory

Cai et al. (2019) said that leadership theory examines how business owners and leaders behave based on their characteristics, traits, abilities, and motives. However, leadership styles differ from person to person, and each leader has a combination of traits that helps them succeed. Leadership skills can be acquired through experience and close observation, but some people are naturally more suited to leadership jobs than others. Leadership is about inspiring and encouraging others to achieve their goals. From the observation of Ma and Jiang, (2018), entrepreneurship-related traits, qualities, attributes, and motives are connected to leadership theory. A common adjective used to describe entrepreneurs is risk-taker, creative, and determined. The careers and enterprises they lead are often driven by a strong sense of purpose. Any successful firm needs strong leadership. In order to foster a supportive and effective work environment, a leader must excite and inspire their team. It was long ago that factory research and large organisations provided the backdrop for leadership theory research.

However, there has been a rise in interest in leadership in the context of start-ups and small firms in recent years. This is due to the fact that company owners play a crucial role in the

economy and that the success or failure of their companies may be greatly influenced by the leadership styles they employ (Newman et al., 2018). There are several leadership theories that may be utilised by business owners. People are born with certain characteristics that make them effective leaders, the characteristic theory of leadership proposes. However, the absence of scientific backing for this notion has drawn criticism. In addition to situational leadership, another popular notion is adaptive and flexible leadership. In order to be a successful business owner, it is important to understand several leadership theories (Zainol et al., 2018). However, this idea has been criticized for lacking scientific support.

4.2 Need achievement theory

As per the observation of Saebi et al. (2019), the achievement theory is a well-liked paradigm for studying entrepreneurship. Achieving success and feeling competent are the driving forces behind the achievement hypothesis. Entrepreneurial characteristics, such as perseverance and taking calculated risks, have been explained using this concept. Success in entrepreneurship is linked to accomplishment motivation. People who are successful are more likely to start their own businesses. While it has been discovered that accomplishment theory is a valuable tool for comprehending entrepreneurship, it is not the only explanation for entrepreneurial behaviour and other crucial elements.

Youssef et al. (2018) mentioned that the entrepreneurs benefit greatly from the achievement theory. These are people who are determined to succeed in their chosen field, sometimes in the face of significant obstacles. Achievement theory is particularly relevant to business owners for several reasons. In addition, entrepreneurs are highly motivated to succeed. It is clear that they are often willing to take chances and put in a lot of effort if that is what they want. There is sometimes a lot of unpredictability in the entrepreneurial industry. Entrepreneurs may experience stress as a result of this, but they may also experience motivation. Achieving success and accomplishment is a key component of the achievement theory (Hsu et al., 2019).

It provides insight into why some individuals are more inclined to start their own businesses than others (Gorgievski et al., 2018). People who achieve high levels of success tend to be more goal-oriented and focused. Achieving their goals often involves taking risks and working hard. Therefore, they are more likely to succeed in business. On the other side, those who lack accomplishment drive may be more risk-averse and less willing to put up the work required to succeed. They may be less inclined to start their own business as a result.

4.3 Innovation Theory

According to the observation of Nambisan et al. (2019), the innovation theory examines how and under what conditions fresh concepts are developed and transformed into monetary value goods or services. In entrepreneurship, innovation theory seeks to comprehend what drives people to come up with new ideas. Successful entrepreneurs typically have a clear vision for their company and can spot opportunities others might miss. They also take risks and are prepared to face the difficulties that come with establishing and expanding a new firm. Successful businesspeople are aware that innovation requires both having a brilliant concept and being able to put it into practice and sell it.

From the viewpoint of Leonidou et al. (2020), the innovation theory explains why some individuals or groups are more successful in conceiving and implementing new ideas than others. The capacity to spot and seize fresh possibilities is a crucial trait of successful business people. Recognising emerging trends and technology and applying it to develop new goods, services, and strategies is one of their strengths. Innovation theories may differ, but there are some things they all have in common. The concept of innovation goes beyond coming up with new ideas. In addition, it involves putting those concepts into action and making them work. In order to innovate effectively, certain risks must be taken.

In the commercial sector, the idea of innovation has gained importance. To be competitive, businesses are continuously under pressure to develop novel concepts and goods (Wei et al., 2019). The entrepreneurial trait concept, which contends that particular personality qualities are more likely to result in company success, is the most widely accepted. Several prosperous businesspeople, including Bill Gates and Steve Jobs, have supported this. The premise of this hypothesis is that some personality characteristics are more favourable to innovation.

5. Comparisons between ‘for profit’ and ‘not for profit’ small organisations600 (Include examples companies)

Castañer and Oliveira (2020) mentioned that the not for profit entity is normally a legal company that is organized and operated for social, public, or collective benefit. Not-for-profit companies generally do not offer any specific profit to a particular person or owner but instead favor the general public. The profit gained which is exceeding the expenses is not given to any private parties but instead used for the purpose of the company. The not-for-profit organisations include political parties, social clubs, schools, consumer cooperatives, churches, and business associations. Soulard et al. (2019) stated that the non for profit

organisations are generally tax-free. The primary characteristics of not-for-profit companies include honesty, accountability, openness, and trustworthiness to all the persons that have invested their effort, time, and money in the organisation. Not-for-profit companies are normally accountable to founders, vendors, donors, program recipients, volunteers, and the general public.

Not-for-profit organisations are not for attaining financial goals; instead, they are for meeting social goals. Such companies are for raising money in several ways such as obtaining donations from donors, government funding, investments, services or merchandise sales, and sponsorship from corporations (Wang and Yang, 2020). For remaining financially stable in the current business world, the not-for-profit organization chooses competitive advantage to remain financially stable and create revenue. The non-for-profit companies find the best ways they can work and thus find diversity in funding sources. Not-for-profit companies have employees apart from volunteers and offering a salary to the employees needs to be careful because the balance between the profit and the senses needs to be maintained properly. The not-for-profit organizations are also profitable and they are professionally responsible, financially responsible, and do have a mission to accomplish. Not-for-profit companies also need to have successful management. Setting the vision for the not-for-profit organizations and meeting the social goals need to have certain aspects such as competence, opportunity, and commitment.

Rudnicka et al. (2020) indicated that for-profit organisations are organisations that only aim for attaining profit and are based on a particular person or group's interest. This company has separate rules and regulations and the decisions are taken by the owners. The policies and rules in the company are profit-oriented and usually do not have any direct contact with the public. There are no volunteers involved in such a case and are totally funded by stakeholders, and owners of the company. Suykens et al. (2019) identified that the profit company has several advantages such as adding a significant advantage to the economy by conducting business, offering job opportunities, improving globalisation, and paying taxes. The major difference between non-profit and profit organisations is the setting of goals which is social and profit based. In the case of UNICEF, the company is a not-for-profit organisation that is performed for a social goal and operated for the general public. UNICEF consists of volunteers as well as employees.

In UNICEF the funding is generally by donors, voluntary support of millions of individuals, private sector funding, government, and civil society. The company has a separate set of goals that is beneficial for the general public and is empowered by several volunteers. On the other hand, Amazon is a company that is performing for attaining goals that are based on profit. Grossi et al. (2019) stated that the employees within the company are offered with salary and there are no volunteers who work freely for the company. The company is founded and funded by the owner. The company works for profit and the goals are also to attain a profit. Even though the company has corporate social responsibility the company is not fully dedicated to the general public or government.

6. Conclusion

The current report detailed the importance of entrepreneurship and entrepreneur and inferred that an entrepreneur focuses on innovative ideas to set up a business for delivering high-quality products and services. The section of the report discussed the performance of entrepreneurs and entrepreneurship. Moreover, the report examined entrepreneurship theories that included leadership, achievement, and innovation theories. All these theories supported entrepreneurship and encourages entrepreneurs to accelerate new projects for economic development. Additionally, the section compared the for-profit and not-for-profit objectives of a small organisation. Furthermore, the report revealed that both entrepreneurship and entrepreneurs showed a significant advantage in economic growth and development.

Reference

- Acs, Z.J., Estrin, S., Mickiewicz, T. and Szerb, L. (2018) Entrepreneurship, institutional economics, and economic growth: an ecosystem perspective. *Small Business Economics*, 51(2), pp.501-514.
- Audretsch, D.B., Cunningham, J.A., Kuratko, D.F., Lehmann, E.E. and Menter, M. (2019) Entrepreneurial ecosystems: economic, technological, and societal impacts. *The Journal of technology transfer*, 44(2), pp.313-325.
- Cai, W., Lysova, E.I., Khapova, S.N. and Bossink, B.A. (2019) Does entrepreneurial leadership foster creativity among employees and teams? The mediating role of creative efficacy beliefs. *Journal of Business and Psychology*, 34(2), pp.203-217.
- Castañer, X. and Oliveira, N. (2020) Collaboration, coordination, and cooperation among organizations: Establishing the distinctive meanings of these terms through a systematic literature review. *Journal of Management*, 46(6), pp.965-1001.
- Chowdhury, F., Audretsch, D.B. and Belitski, M. (2019) Institutions and entrepreneurship quality. *Entrepreneurship Theory and Practice*, 43(1), pp.51-81.
- Gorgievski, M.J., Stephan, U., Laguna, M. and Moriano, J.A. (2018) Predicting entrepreneurial career intentions: Values and the theory of planned behavior. *Journal of career assessment*, 26(3), pp.457-475.
- Grossi, G., Kallio, K.M., Sargiacomo, M. and Skoog, M. (2019) Accounting, performance management systems and accountability changes in knowledge-intensive public organizations: a literature review and research agenda. *Accounting, Auditing & Accountability Journal*, 33(1), pp.256-280.
- Hsu, D.K., Burmeister-Lamp, K., Simmons, S.A., Foo, M.D., Hong, M.C. and Pipes, J.D. (2019) "I know I can, but I don't fit": Perceived fit, self-efficacy, and entrepreneurial intention. *Journal of Business Venturing*, 34(2), pp.311-326.
- Kraus, S., Breier, M. and Dasí-Rodríguez, S. (2020) The art of crafting a systematic literature review in entrepreneurship research. *International Entrepreneurship and Management Journal*, 16(3), pp.1023-1042.

Leonidou, E., Christofi, M., Vrontis, D. and Thrassou, A. (2020) An integrative framework of stakeholder engagement for innovation management and entrepreneurship development. *Journal of Business Research*, 119, pp.245-258.

Ma, X. and Jiang, W. (2018) Transformational leadership, transactional leadership, and employee creativity in entrepreneurial firms. *The Journal of Applied Behavioral Science*, 54(3), pp.302-324.

Nambisan, S., Wright, M. and Feldman, M. (2019) The digital transformation of innovation and entrepreneurship: Progress, challenges and key themes. *Research Policy*, 48(8), p.103773.

Newman, A., Neesham, C., Manville, G. and Tse, H.H. (2018) Examining the influence of servant and entrepreneurial leadership on the work outcomes of employees in social enterprises. *The international journal of human resource management*, 29(20), pp.2905-2926.

Rudnicka, E., Napierała, P., Podfigurna, A., Męczekalski, B., Smolarczyk, R. and Grymowicz, M. (2020) The World Health Organization (WHO) approach to healthy ageing. *Maturitas*, 139, pp.6-11.

Saebi, T., Foss, N.J. and Linder, S. (2019) Social entrepreneurship research: Past achievements and future promises. *Journal of Management*, 45(1), pp.70-95.

Soulard, J., McGehee, N.G. and Stern, M. (2019) Transformative tourism organizations and glocalization. *Annals of Tourism Research*, 76, pp.91-104.

Suykens, B., De Rynck, F. and Verschuere, B. (2019) Nonprofit organizations in between the nonprofit and market spheres: Shifting goals, governance and management?. *Nonprofit Management and Leadership*, 29(4), pp.623-636.

Uno, S., Supratikno, H., Ugut, G., Bernarto, I., Antonio, F. and Hasbullah, Y. (2021) The effects of entrepreneurial values and entrepreneurial orientation, with environmental dynamism and resource availability as moderating variables, on the financial performance and its impacts on firms' future intention. *Management Science Letters*, 11(5), pp.1537-1548.

Wadhwani, R.D., Kirsch, D., Welter, F., Gartner, W.B. and Jones, G.G. (2020) Context, time, and change: Historical approaches to entrepreneurship research. *Strategic Entrepreneurship Journal*, 14(1), pp.3-19.

Wang, C., Mundorf, N. and Salzarulo-McGuigan, A. (2022) Entrepreneurship education enhances entrepreneurial creativity: The mediating role of entrepreneurial inspiration. *The International Journal of Management Education*, 20(2),

Wang, Y. and Yang, Y. (2020) Dialogic communication on social media: How organizations use Twitter to build dialogic relationships with their publics. *Computers in Human Behavior*, 104, p.106183.

Wei, X., Liu, X. and Sha, J. (2019) How does the entrepreneurship education influence the students' innovation? Testing on the multiple mediation model. *Frontiers in psychology*, 10, p.1557.

Youssef, A.B., Boubaker, S. and Omri, A. (2018) Entrepreneurship and sustainability: The need for innovative and institutional solutions. *Technological Forecasting and Social Change*, 129, pp.232-241.

Zainol, F.A., Daud, W.N.W., Shamsu, L., Abubakar, H.S. and Halim, H.A., 2018. A linkage between entrepreneurial leadership and SMEs performance: An integrated review. *International Journal of Academic Research in Business and Social Sciences*, 8(4), pp.104-118.