

Understanding Definition of Entrepreneurship

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Abstract

Entrepreneurship is a natural phenomenon in business. It is part of business life. It shows that business is healthy when there are entrepreneurial skills and managements are adopted for changing and learning. Thus, it will be beneficial for any business organization to understand the definition of entrepreneurship, sources and types of entrepreneurship, and be able to manage entrepreneurship. This is qualitative research based on literature review to define entrepreneurship, define the sources and types of entrepreneurship, and to provide practical guidelines on how to manage entrepreneurship. It is found that several definition of entrepreneurship based on sources and types of entrepreneurship such as entrepreneurial skills, innovations, and managements. Previous researches classified entrepreneurship into different terms such as technology, and process of entrepreneurship. Some practical guidelines were also provided, but entrepreneurial skill is a major point.

Keywords: Entrepreneurship, Entrepreneurial skills.

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Introduction

Any business organization has its own vision and mission. Entrepreneurship is a part of business life contributes towards successful business organization. The people who are actively deal with business activities are most responsible for the achievement of their vision. But the people are coming from different background and education, which raises the issue of entrepreneurship skill, is unavoidable and become part of entrepreneurship process. Furthermore, the development of economy and technology creates the diversity

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of entrepreneurship at the same time increase their competitiveness. At this point of view, innovation becomes common. But the challenges of entrepreneurship become a task. However, it is important to us to understand that not all entrepreneurship activity is positive for business organization, unless and until the entrepreneurial skills and managements are adopted within the organization for changing and learning. To maintain good performance of entrepreneurship, it is necessary to manage the entrepreneurship, and explore the skills required. In the meantime, the definition of entrepreneurship must be fully understood.

As entrepreneurship is a natural phenomenon in business, and may result the performance and impact of the business it will be beneficial for any business player or entrepreneur to understand the definition of entrepreneurship first, then they would be able to overcome the business problems. This paper will explore the definition of entrepreneurship and concept of business, sources and types of entrepreneurship and tips how to manage entrepreneurship based on previous research.

Definition of Entrepreneurship

Entrepreneurship is discipline (Crocì, 2016). Entrepreneurship is a distinct, being a discipline by its own right. Crocì (2016) also defined entrepreneurship with autonomous discipline that can operate independently as well as interdisciplinary. Other study defines entrepreneurship as “*practice begins with action and creation of new organization*” (Barot, 2015). Barot (2015) also stated that entrepreneurship is a key to success and every individual that creates a new organization of business means enter into a new paradigm of entrepreneurship. Nevertheless, the entrepreneurship is an activity that shifted the old habits into the new one with fully discipline and independent. Entrepreneurship is an art (Chang *et al.*, 2015). Chang (2015) stated that “*art entrepreneurship is relatively new topic of research and the focus area are exploring the management process of entrepreneurship such as creativity and autonomy, capacity for adaptability, and create artistic as well as economic and social value*”. There are many definition of entrepreneurship, some of them are seeing entrepreneurship as a process of successful organization, and other define entrepreneurship as building mindset and skills. However, the final destination of entrepreneurship definition is generating jobs opportunities and lead to economic development (Barot, 2015) (Hessels, 2019). Next, entrepreneurship must employ manpower resources with technical and skill labor and managerial talents (Barot, 2015) (Chang *et al.*, 2015).

As stated above that entrepreneurship is defined at one point. Hessels (2019) describe entrepreneurship as the intersection to the development economics. Then the theory is developed by researcher as shown below:

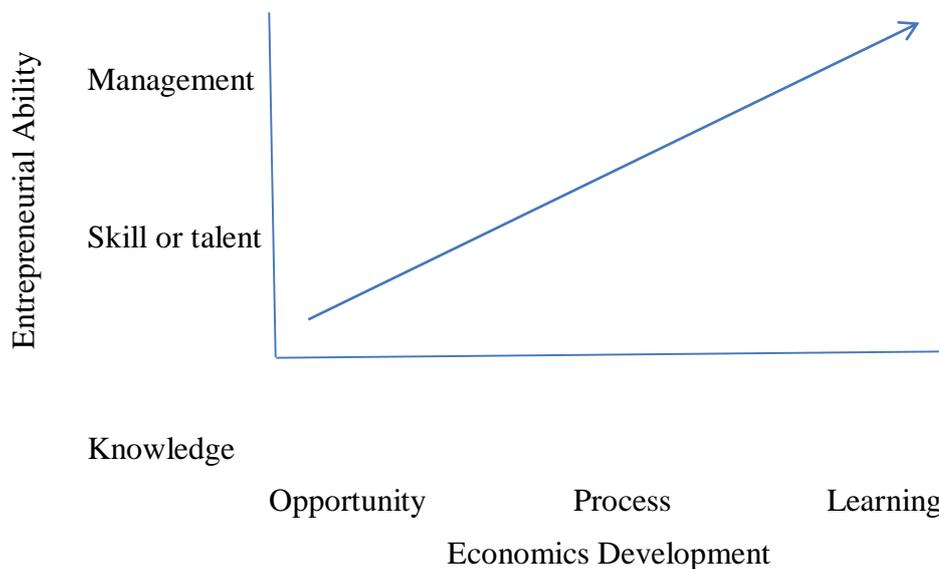


Figure 1. Entrepreneurship Process toward Economic Development

From figure 1. we can conclude that entrepreneurship is closely linked to opportunity recognition and emphasizes the importance of knowledge and skill as the basic entrepreneurial ability (Hessels, 2019). Hessels (2019) pointed out that the entrepreneurial ability will bring innovation to the market through entrepreneurship process and learning. At the end, management of entrepreneurship will creates sustainability in order to promote economic growth (Chen *et al*, 2018).

Antecedents of Entrepreneurship

Several scholars have studied the source of Entrepreneurship. They are described in below:

1. Opportunity-based entrepreneurship (Jinjiang *et al*, 2019).
2. Market-driven entrepreneurship (Ali *et al*, 2019). Ali (2019) stated that “*market-driven entrepreneurship combines marketing and entrepreneurship logics, addressing opportunities in the market*”.
3. Entrepreneurial skill ((Nururly *et al*, 2018). There are some reasons why entrepreneurship required skill or talent due to creativity and market awareness (Bonny *et al*, 2015).
4. Entrepreneurship and innovation are creation of value (Maritz *et al*, 2015). Further, the two constructs required new specific learning and industrial challenges (Maritz *et al*, 2014).
5. Entrepreneurship is shaped by digital technology, and at the end provides entrepreneurial opportunities (Nambisan, 2016). Nambisan (2016) also stated

that digital technologies solved the problems of uncertainty in entrepreneurial process and outcomes.

6. Another source of entrepreneurship is education or what we call by term “*entrepreneurship education*”. Entrepreneurship education used to transform society (Ratten *et al*, 2020). For example; entrepreneurship education increases the academic performance of students (Nasrullah *et al*, 2016). Nasrullah (2016) stated that giving entrepreneurial instruction in the class would be more advantage to change the mindset of students towards life and society. However, both (Nasrulla *et al*, 2016) and (Ratten *et al*, 2020) characterized entrepreneurship education by interactive learning.

Types of Entrepreneurship

Barot (2015) on his research stated that there are two types of entrepreneurship. First is opportunity-based entrepreneurship. An entrepreneur perceives a business opportunity and develops the business as his career choice. While (Jinjian *et al*, 2019) in (Baptista *et al*, 2013) stated that opportunities based entrepreneurship is initiating venture activity because of new idea and personal amplifications. Second, necessity based entrepreneurship. Barot (2015) explained that the new entrepreneur has no option to earn a living. In this case, entrepreneurship is not the choice but compulsion. The people in this stage do not value entrepreneurship; because the situation is exist when there is no other labor market option (Gries *et al*, 2011).

Study done by Aulet, W., and Murray, F., (2013) divided entrepreneurship into two categories. The first category is entrepreneurship which is shaped by innovation-driven. This type of innovation-driven entrepreneurship shares the idea of innovation in business with purpose to pursue the global opportunities. Secondly is small business entrepreneurship or small medium enterprises is another type of entrepreneurship which has a limited access to the global market, serve local markets with traditional way with low competitive advantage. These two types of entrepreneurship is very contrast. Why? Because innovation require talented teams that focused on business model, process, and technology faced by business organization rather than thinking about revenue, cash flow, and jobs over time (Aulet *et al*, 2013).

On the other hand, other studies classify entrepreneurship into different categories; High-growth, technology-enabled, venture capital-backed business (Welter *et al*, 2016) such as Yahoo, Google, Apple, Amazon, etc which focuses on technology business and growth to enable the owner to make billionaires, creates thousands of jobs, and provide goods and services in the wide range at the right time.

Managing Entrepreneurship

Previous studies have suggested some guidance to define entrepreneurship. According to (Barot, 2015), to manage entrepreneurship first an entrepreneur must bear the risk of taking business, second face uncertainty and volatility of business especially for those people who start the business at the first time (*startup*), and last is generating profits. In addition, Barot (2015) suggests some potential tools to participate in the process of

entrepreneurship such as be an innovator, be an alert to recognize opportunities, and be a skillful. Those characteristics of entrepreneurs will enable new comer to adapt and to have an ability to perceive the market fails and to create new goods to fill the market demand, and then connect them into a single network with different targets. However, in order to achieve a success, Barot (2015) also suggests the government to actively deal with entrepreneurship activities, such as giving support financing for new entrepreneurs, as well as providing some education and training in entrepreneurship.

Ifedili (2011) define managing entrepreneurship in the form of entrepreneurship education to increase the interest of participants in entrepreneurship. Ifedili (2011) finally found that students posed positive attitude towards the course. However, it will increase academic performance (Nasrullah et al, 2016).

Conclusion

Entrepreneurship is part of business life. It is a natural phenomenon in the business organization. Healthy business organization is supported by the entrepreneurial ability adopted for changing and learning. However, entrepreneurship process is enabled individuals to sustain and grow to face uncertainty in the business. They are some source of entrepreneurship such as opportunity and market-driven entrepreneurship, innovation, digital technology, and entrepreneurship education. Previous study classified entrepreneurship into opportunity based entrepreneurship and necessity based entrepreneurship. Other study classified entrepreneurship into innovation-driven entrepreneurship and small business entrepreneurship. Overall, to understand the definition of entrepreneurship is by exploring entrepreneurial skills to accept and perceive the process of entrepreneurship as part of business life and then grow.

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