

Chapter 34

Entrepreneurship

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ABSTRACT

Many people will agree on the idea that entrepreneurship is one of the most important business concepts in recent days. In addition, it is said that we are experiencing the fourth industrial revolution (or Industry 4.0). Information and communication technologies are one of the key elements of this period. Therefore, some information about these two components, entrepreneurship and information and communication technologies, are given, and the possible and strong relationships between them are discussed in this chapter.

INTRODUCTION

From the past to today, it has been discussed by scholars of various study of fields (for example in strategic management (Barney, 2002; Booth, 1998; Eryılmaz, 2016), in organization theory (Davis & Marquis, 2005) and in business history (Kurt, 2016)) that whether the field is transformed into an academic discipline or not. In a similar vein, some early (e.g. Vesper, 1988) and recent (e.g. George & Wadhwani, 2006; Urban, 2010) studies in the field asserted that entrepreneurship gained status of an academic discipline.¹ During this study, historical background of entrepreneurship discipline will be examined. Then, some discussions and empirical studies on antecedents and consequences of entrepreneurship will be shared with readers. The study will continue with a section that focuses on the link between entrepreneurship and information and communication technologies. Then, the study will give some information on recent developments and possible future trends in the field. Finally, the study will be ended with a conclusion part.

BACKGROUND

A Brief History of Entrepreneurship and Some Definitions

According to some studies (e.g. Stevenson & Jarillo, 1990), the word of entrepreneurship was invented by an Irish-French economists, *Richard Cantillon* (1680-1734). Cantillon derived the concept of “entrepreneur” from French “entreprendre” which may be translated into English as “to undertake” (Matlay, 2005). Besides, Cantillon who was named by Jevon as “The Cradle of Political Economy” (Hayek, 2005) stated that entrepreneurial activity includes buying from a certain price and the risk that is relating to selling from an uncertain price. In addition, the French economist *Jean Baptiste Say* (1767-1832) extended definition of Cantillon by adding the statement of “bringing factors of production together” (Stevenson & Jarillo, 1990). Another important contributor to the field, English political economist and philosopher, *John Stuart Mill* (1806-1873) asserted that main element that differentiates an entrepreneur from a manager is bearing of risk (Carland *et al.*, 1984). As consistent with this stream, Gartner (1989: 62) conceptualizes entrepreneurship as “the creation of new organizations”. In addition, *Francis Amasa Walker* (1840-1897), an American economist and educator, was another contributor to the field of entrepreneurship. According to him, an entrepreneur was a person who is born with above average talent with respect to organization and coordination of factors of production. According to him, investor who supplies needed funds and receives an interest from uses of them, and entrepreneur who obtains profit from his/her managerial capabilities, are different concepts (Balachandran & Sakthivelan, 2013).

An Austrian-born American economist, *Joseph Alois Schumpeter* (1883-1950), also brought a breath of fresh air into the field. Schumpeter conceptualizes entrepreneurs and entrepreneurship as change agents in an economy (Jones & Wadhvani, 2006) and as a situation respectively that economy totally improves. According to him, there is innovation in the heart of concept of entrepreneurship. In addition, Schumpeter defines enterprise as making new combinations. As a natural consequence of this definition, entrepreneur is the person who creates these new combinations. At this point, he seemed to feel a need to explain the concept of “new combination”. In term of his idea, there can be various new combinations such as 1) putting a new good or service on market, 2) using a new method of production, 3) entering into a new market that doesn’t have information about the good, 4) finding a new source of input (e.g. raw material/half manufactured goods) and finally, 5) changing structure of market by creating or breaking a monopoly in market (or industrial reorganization). For example, in the previous year, a company announced that it will launch to produce electricity from bamboo in Japan (Milliyet, 2015). This development may be accepted as an example of entrepreneurship in a Schumpeterian manner. Schumpeterian stance differentiates business man and entrepreneur from each other (Carland *et al.*, 1984; Stevenson & Jarillo, 1990).

In 1985, an American entrepreneur, *Gifford Pinchot III* (1942 -) coined the concept of “intrapreneurship”. “Intrapreneurship can be defined as the development, within a large corporation, of internal markets and relatively small autonomous or semiautonomous business units that produce products, services, or technologies by employing the firm’s resources in a unique way” (Dollinger, 2008: 384 cited from Hisrich *et al.*, 1985).

As it can be seen above, there are two mainstreams in conceptualizations of entrepreneur and entrepreneurship. The first stream strongly links entrepreneurship with behavior of risk taking. In addition, the second stream that Schumpeter takes the lead principally underlines innovative behavior of entrepreneur. There are also some eclectic approaches in the literature that endeavor to combine these two approaches

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