**CHAPTER ONE: ENTREPRENEURSHIP NOTION**

# INTRODUCTION

**WHAT IS ENTREPRENEURSHIP?**

The word “entrepreneurship” is used to mean many different things. To some, it suggests the starting of any business; to others, the development of a new and novel(original) idea, whether that development takes place in the context of a start-up or an existing business.

Some believe you need an “entrepreneur” for a business to behave entrepreneurially,

others think a set of good managers in a large corporation can behave in a way that produces an entrepreneurial result.

To all this we argue that the key attribute (characteristic, element) of entrepreneurship is the pursuit (hunt) of opportunity.

To this, entrepreneurship is a way of thinking, reasoning, and acting that is obsessed (possess preoccupy), holistic (covers a lot of domain) in approach, and leadership balanced**.**

# I.1. CONCEPT EVOLUTION

* In the middle ages during feudal bourgeoisie, the entrepreneur was considered as someone who did tower building and churches building

* This concept evolved with the commercial bourgeoisie, the entrepreneur is someone who takes risk of seeking richness aboard (on board on the ship). At that era , were created companies made by persons, these persons were entrepreneurs.
* With the industrial revolution, there were created joint-stock companies. This formula was considered as a wonderful tool of mercantilism, which allows creating big sized companies. then, we distinguish capitalist who bring capital, from manager, who bring their technical competences (profit from capital, profit from management)
* In 1803 J.B say, distinguishes the profit obtained thanks to the invested money and the profit gained thanks to managerial capacities.
* After the 1929 crisis, the entrepreneur conception evolved, there is the Schumpeterian entrepreneur that is independent innovator who set technology never experienced. This conception took its origin in American entrepreneur conception; this one goes from nothing to build a tower.
* In 60’s based on operational research, statistics, etc the entrepreneur is someone who maximizes his/ her profit having many constraints. The entrepreneur is someone who gets the optimal solution in any circumstance, this conception considers the entrepreneur as a kind of magician, someone able to get good solution to all problems with in many constraints, if he/she fails, he/she is not an entrepreneur.

An entrepreneur is someone who takes risks to create a company, to organize and manage it in order to gain profit but he/she accepts risk of failure.

That acceptation is related to the fuel crisis of 1973 where Americans realized that the failure is possible when the environment is not favoring even if the manager is competent.

In 80’s, an entrepreneur is analyzed and defined by various scientific fields:

* In economy, an entrepreneur is someone who brings or combines together capital and labor in order to create the highest added value. He/she is someone who creates wealth in the society.

* In psychology and in management, added to the conception of economy, he/she is someone who is driven by some forces such as; motivation to achieve something, experimentation of ideas, to achieve his/her dream, especially to escape the others authority or power.
* In business, an entrepreneur is a fighter, a competitor who sets solutions to satisfy needs of individuals or groups, he/she anticipates the evolution or changes of the society or environment.
* In sociology, an entrepreneur is a social deviated.
* In philosophy, he does not waste his/her money who has found the best way of creating wealth at the same time creates job and the society progress in general.

# 1.2. ENTREPRENEUR AND ENTREPRENEURSHIP SCOPE

Entrepreneurship is a concept which was introduced into science around 80s and without any corresponding word in French.

The word entrepreneurship is defined by Robert Hisrich as a process of creating something new.

Entrepreneurship is related to the quality, behavior, and the ways of living of the entrepreneur when creating and developing his or her enterprise.

Paul FORTIN says in “Devenez entrepreneur”; entrepreneurship is an art of creating, transforming an idea in a reality. It is also a capacity of gathering resources and energy in creating, innovating, investing or a new way of thinking in order to satisfy needs.

IDEA

TRANSFORMATIO

N

REALITY

Today, entrepreneurship has evolved beyond the classic startup notion to include companies and organizations of all types, in all stages. Thus, entrepreneurship can occur-and fail to occur-firms that are old and new; small and large; fast and slow growing; in the private, not-for-profit, and public sectors; in all geographic points; and in all stages of a nation’s development, regardless of politics.

# ENTREPRENEURSHIP=PARADOXES

One of the most confounding aspects of the entrepreneurial process is its contradictions. Because of its highly dynamic, fluid, ambiguous, and chaotic character, the process’s constant changes frequently pose paradoxes. Here we have a sampling of entrepreneurial paradoxes:

* An opportunity with no or very low potential can be an enormously big opportunity
* To make money you have to first lose money
* To create and build wealth one must relinquish wealth
* To succeed, one first has to experience failure
* Entrepreneurship requires considerable thought, preparation, and planning, yet is basically an unplanable event.
* For creativity and innovativeness to prosper, rigor and discipline must accompany the process
* To realize long-term equity value, you have to forgo( miss, go without, skip) the temptations of short-term profitability

As we have said previously, Entrepreneurship is related to the quality, behavior, and the ways of living of the entrepreneur when creating and developing his or her enterprise.

The entrepreneur’s purpose goes from the desire of self wealth up to the seeking of the best world. Then the question may be who is entrepreneur and who is not; because that notion covers a very large scope.

**At a broad sense** entrepreneurship covers political changes, cultural aspects, sports, leisure, association of profit or non profit objectives and private companies.

In this sense, a politician who is able to conceive and apply his/her society plan, a sportsman, a creator of anything could be considered as an entrepreneur. Yet, all entrepreneurs beneficiate facilities (or opportunities) from the society.

**At the narrow sense**, an entrepreneur is someone who creates a company and manages it in order to gain profit. In other words entrepreneur is a person who own or starts an organization, such as a business

# 1.3. CHARACTERISTICS OF ENTREPRENEUR

## 1.3.1 INTELLECTUAL POINT OF VIEW

We distinguish two types of entrepreneur:

-Self made man

-Intellectual manager

# SELF MADE MAN

A self made man is an adventurer, a self educated who didn’t finish training.

The professional learning is made by mass or experience (empirical training, experience…)

Often he/she starts with less means, but by working very hard, reaches a high fortune (wealth).

He/she has extraordinary in born capacities, fights against all obstacles (constraints). He/she is misunderstood by all and his/her success depends on the quality of ideas, commitment and beliefs. He/she trusts him/herself because everybody tends to be an obstacle (constraint).

## INTELLECTUAL MANAGER (Col blanc)

He/she is from management school and universities. He plans carefully the project, analyses the project (technical, economical and financial feasibilities) before starting the company. That’s why he can start a company without any capital at his disposal, he has a very wide social relations network, and this is helpful for him.

Yet, to succeed, the intellectual manager has to have some capacities of the self made man.

## 1.3.2. AGE’S POINT OF VIEW

The optimal age of creating an enterprise is between 21 and 50 ages with strong chances between 30 and 40 years old. In fact, at this age the person has ambition and has means for that.

He has relationship, he can get loans and generally he has completed his post graduate studies. Before 20 years old, he has no experience, even means, even if he can have ambition but there may be exceptions in countries where school is compulsory, the person has not yet completed his studies. Above 50 years old, the ambition decreases tremendously. Those who create enterprise at that age, they are at retreat they want to use they experiences, that is why they often create companies aimed at advising others.

## 1.3.3 SACRIFICES POINT OF VIEW

Any entrepreneur has to accept sacrifices; he has to accept to live in physical insecurity, moral insecurity, etc.

Ex : having money ( a security guard, fence alert signals, gun, lock, etc)

Social sacrifices; family sacrifices may be strong as indicated by Leon DAMCO. The creator of an enterprise works 12 hours per days, 7days per week. For his family, the starting of a company is a Calvary. His wife never sees him (viceversa). His children consider him as a stranger, when coming back home late in night, his dog may bite him because it does not recognize him.

In reality, he works 24 hrs out of 24hrs, he lives with his company, sleeps with it, wakes up in night to write down his ideas, he does not have any holidays; even time to enjoy his money does not exist for him.

The entrepreneur has to maintain a good family climate because the family constitutes the foundation of all. Sacrifices are individuals’ side but they may have consequences on the family and on the society.

An entrepreneur who has no sense of sacrifice may lead his company to failure. He may sacrifice himself today in order to gain tomorrow.

## 1.3.4. AT THE POINT OF VIEW OF PERSONALITY (BEHAVIOR) OR BEHAVIOUR POINT OF VIEW

Any entrepreneur has to be dynamic, ambitious, enthusiastic, persevering and rigorous. He takes risk, even not calculated; he has a high level of his ideas. He is an efficient polyvalent. He has skills of quick planning and makes concretes his objectives. He knows to criticize and reacts positively to difficulties, he has a very large social network but does not use meaningless relationship; he calculates everything. He is courageous, has curiosity, and is not defeated by deception.

# 1.5 SUMMARY OF MAIN ENTREPRENEURSHIP FACTORS

## 1.4.1. TYPES OF ENTERPRISE CREATION

Reproduction

Continuity

Adaptation

Experience reinforced

By liking ambition

Change restructuring

(Conversion)

Transfer

Creator of enterprise often has required experience being from at school or profession. That experience is reinforced by his ambitions and liking which motivate him. He may create the company by continuing that experience or by changing from it by continuity. He may do a same company (reproduction) or do an adaptation a related field.

By changing from it by continuity, he may do the restructuring (conversion) in a new field.

It is easy to create and to succeed a company by reproducing than transferring.

It is not good to create a company in a field which you don’t master well. In fact in this case, you can mistake leading to failure. Do not trust in someone else and lean on him. In fact, he may have different purpose than the ones of company.

There a three ways of SMB creation:

* The trauma way
* The decisional way  The influential way **THE TRAUMA WAY**

This mode corresponds to a situation where there is a change in the economic life of the entrepreneur. There is no other solution unless it is to create and to succeed.

It is for example the case of disaster, the case of immigrants or refugee, the case of the war, a lasting long jobless, etc.

# THE DECISIONAL WAY

It corresponds to a situation where the entrepreneur considers that this own autonomous decision to create a company is a best thing in all circumstances. Yet, he has to calculate the cost he may take into consideration some non-monetary and monetary variables for example to avoid others authority (power), the hope of gaining in the future, etc

# THE INFLUENCIAL WAY

It is the situation where a person decide autonomously to create a company but under an environment pressure

It is often the case of workers who create enterprise in order to cover monthly expenses. there is a strong motivation on a trauma mode where there is no choice.

In other mode (way), the entrepreneur may hesitate or try other solutions.

## 1.4.2. THE ENTREPRENEUR’S ASSETS (advantages)

Any entrepreneur has at his disposal assets which can be grouped in three:

* Personal side
* Professional side
* Relational side

## Personal side

It comprises the daily situation, the personality, his belief, the degree of commitment, the resources, etc

**Professional side**

Comprises the mastering well his work, technical skills, his experience, etc

## Relational side

Compromises social relation, family and friendly network

The combination of all these three sides is a precondition for success; you have to be careful when creating a societal company as a promoter.

In fact, the responsibility of taking risk and sacrifice are for the promoter. Other share holders may not have same motivation, same commitment. They are may be interested in the positive result or immediate result.

## 1.4.3. THE SOCIO ECONOMIC ENVIRONMENT INFLUENCE

The environment does a big role in entrepreneurship; this role may be at various levels:

Basic infrastructure (roads, school, hospitals, security, banks, advising, company, etc)

All these favor the beginning and development of enterprises. An industrialized country may influence positively the entrepreneurship.

Where many companies exist, there are opportunities of creating others (intake model) in fact, whenever a company is growing, it gives an opportunity for a new one to be created. Whenever a company is growing, it gives an opportunity for a new one to be created. Whenever a company fails, it makes failure to others. (ex: Kacyiru with photocopying machine)

## Entrepreneur’s social groups

Those groups are general socially excluded in wealth access. They develop mutual protection mechanisms and have trust for each other. They create a lobbying network based on the use of common language, origin (regional, national), religion Muslim, etc they friendly sort out they problems.

# 1.5. ENTREPRENEURSHIP AND ENTERPRISE DEVELOPMENT

To create a company is one thing; to maintain and develop it is another one. At a given moment, the owner of the company may have problems of managing his creation and if he does not hold on innovating, managing his company will not get success and it will fail.

The entrapreneurship is a process where a person permanently creates an enterprise within an existing one. This is what you call “intraprise”

**Definition**: An entrapreneurship is an entrepreneurship within an existing organization. An entrepreneur is an entrepreneur within an already established organization as Gifford Pinchot said.

During the company’s growth, the entrepreneurship has to shift to entrapreneurship because many studies say that one company survives among four for a period of 5 years.

The failure of a company may be explained by many factors such as growth problems, competition, etc..