THE NATURE OF ENTREPRENEURSHIP:
Entrepreneurs and Entrepreneurial Activities

Professor Mirjana Radovic-Markovic,
Professor of Entrepreneurship

Aidin Salamzadeh,
Lecturer in Entrepreneurship

2012
ACKNOWLEDGEMENTS

Our appreciation goes to the two reviewers - Prof. Dr. Dragoš Simandan, BrockUniversity, Canada, and Prof. Dr. Muhammad Omolaja, ICMT and IPFM, GreatBritain. In addition, our thanks are due to our families and institutions, where we are employed. Writing the book was not possible without the help, support, and sacrifice of many around us.

Authors

June, 2012
FOREWORD

In this book, the authors give important tools necessary to start, operate and succeed in a business. One of the most impressive aspects of the book is its broad coverage of the topics involved in entrepreneurship.

The authors are experienced in entrepreneurial development and use that expertise not only to provide excellent theoretical book foundation but also relevant examples. Namely, the book is designed to encourage the readers to think, consider business opportunities and turn their unique ideas into entrepreneurial activities.

I highly recommend the book to new entrepreneurs; that is, the book is especially suited to businesspersons who want to own businesses of their own or assume management positions in existing small businesses. It is also a superior resource for students who are prospective entrepreneurs and those interested in supporting entrepreneurs.

Prof. Douglass Capogrossi, PhD.
CONTENTS

ACKNOWLEDGEMENTS v

FOREWORD vii

INTRODUCTION xvii

CHAPTER 1

THE NATURE OF ENTREPRENEURSHIP

1.1 Historical development of entrepreneurship 3
1.2 Definitions in 16th, 17th and 18th Century 4
1.3 Definitions in the 19th Century 4
1.4 Definitions in the 20th Century 5
1.5 The Systematization of Theories of Entrepreneurship 7
1.6 Creativity in Entrepreneurship 9
1.7 Types of Entrepreneurship 10
1.8 Choice of the Entrepreneurship Type 11
1.9 Entrepreneurship Determinants 12

Review Questions

CHAPTER 2

ENTREPRENEURSHIP AND INNOVATIONS

2.1 Entrepreneurs’ Tendency to innovations 19
2.2 Types of Innovations, which may be attributed to Small Businesses 20
2.3 Innovations Market Implementation 21

Review Questions

CHAPTER 3

ENTREPRENEURS AND ENTREPRENEURIAL ACTIVITIES

3.1 Theories of Entrepreneurship 25
3.2 The basic entrepreneurial activities 26
3.3 Basic attributes of Entrepreneurial Behavior 26
3.4 Personal qualities of entrepreneurs that contribute to business Success 27
3.5 Extended List of Personal Attributes 29
3.6 Men versus Women Entrepreneurs 30

Review Questions

CHAPTER 4

ENTREPRENEURIAL PROCESS

4.1 Nature of Entrepreneurial Process 35
4.2 How can we identify an Idea? 36
4.3 Sources of New Ideas 37
4.4 Discovering and Defining Business Ideas 38
4.5 Methods for Generating Ideas 39
4.6 Creative Problem Solving Techniques 40
4.7 Options Analysis 42
4.8 Making the Final Decision 43
4.9 Business Financing 43
4.10 Level of expertise 44
4.11 Acceptable Risk Level 45
4.12 Financial Returns 46
4.13 The Idea Development 46
4.14 Choice of Business and Entrepreneurs’ Personality and Interests 47
4.15 Merits and Demerits of buying an existing Business 48
4.16 Factors that should be analyzed and examined when buying a business 49
4.17 Factors that should be analyzed and examined when buying a business 50
4.18 Starting a new Business 52

Review Questions

CHAPTER 5

THE CONCEPTS OF INTRAPRENEURSHIP

5.1 The concept of Intrapreneurship 56
5.2 Implementing Intrapreneurship in Enterprises 57
5.3 Requirements for Intrapreneurship 59
5.4 Requirements to understand the environment 60
5.5 Change Process in Organizations 61
5.6 Entrepreneur versus Intrapreneur 63

Review Questions

CHAPTER 6

FEMALE ENTREPRENEURSHIP

6.1 Female entrepreneurship: Theoretical background 69
6.2 Modern trend in female entrepreneurship 71
6.3 The roles and positions of women through centuries 74
6.4 The troubles of the first educated women 75
6.5 Traditional with modern personal lifestyles 77
CHAPTER 7
THE DIFFERENCE BETWEEN ENTREPRENEURS AND MANAGERS

7.1 Entrepreneurs and managers 101
7.2 Business activities of a manager 102
7.3 Characteristics of manager’s activities 102
7.4 Managers’ jobs and responsibilities 103
7.5 Personal qualities every manager should have 105
7.5.1 Good communication skills 105
7.5.2 High motivation level 106
7.5.3 Practical motivation 106
7.6 Manager’s ability for increasing profit 107
7.7 Good listening ability 109
7.8 Business abilities 109
7.9 Culture of behavior 110
7.10 Managers’ orientation towards changes 111

Review Questions

CHAPTER 8
ESSENTIAL ATTRIBUTES OF MANAGERS

8.1 Intellectual Capital 116
8.11 Distinctions between three Types of Intellectual Capital 116
8.1.2 Managers’ Essential knowledge 117
8.1.3 Entrepreneurs’ and Managers’ Education through E-learning 117
8.1.4 Combination of Science, Experience and Consideration of Specific Needs 119
8.2 Management Styles, which are the most used in Practice 119
8.2.1 Management Styles 122
8.2.2 The most common Management Styles 122
Review Questions

CHAPTER 9
LEADERS VERSUS MANAGERS
9.1 Different Approaches to Defining Leadership 128
9.2 The Difference between Leaders and Managers 128
9.3 Psychological and Sociological Definitions of Leadership 129
9.4 Leaders’ Creative Functions 129
9.5 Types of Leadership Theories and their common Attributes 130
9.5.1 Autocratic Leaders and their Tasks 130
9.5.2 Democratic Leaders 131
Review Questions

CHAPTER 10
CHOICE OF BUSINESS
10.1 Starting a Business and Personal goals 136
10.2 Merits and demerits of setting personal goals in Business 137
10.3 Educational Level and the Degree of Entrepreneurial Skills 140
10.4 Checking your own Knowledge and Experiences 141
10.5 Science, Experience and Specific Needs in Business 143
10.6 Vocational Education and Entrepreneurship Education 144
10.7 Business Strategy for employees 145
10.8 The Roles of Family Members in Entrepreneurial activities 146
10.9 Common Mistakes usually made at the start of Business 149
10.10 Test of affinity for starting a business 151
10.11 Making the Choice of the Right Business 152
10.12 Business Ethics in Practice 153

Review Questions
"The Nature of Entrepreneurship" is a book that aims at elaborating the concept of entrepreneurship, and insights concerning different aspects of it. As we go through the chapters, we will consider a variety of Key Learnings to be conveyed to the readers. In each chapter, first we enumerate the topics, and then discuss the insights each reader might gain after reading that chapter. At the end of each chapter some questions are proposed to examine the understanding of readers.

In the first chapter, the historical development of entrepreneurship is discussed, especially in last five centuries. Then, entrepreneurship theories are systematically elaborated and types of entrepreneurship and their choice are argued. Finally, the reader will become familiar with determinants of entrepreneurship. Chapter 2 considers entrepreneurship and innovations. The chapter includes types of innovations and their implementation. In chapter 3 entrepreneurial activities and behaviors are discussed, and different personal attributes of entrepreneurs are elaborated. At last, authors define the main differences between men and women entrepreneurs.

Entrepreneurial process is the most important axis of chapter 4. In this chapter, the nature of entrepreneurial process and its requirements are discussed. Chapter 5 is dedicated to Intrapreneurship which is a critical topic in entrepreneurship. Requirements of Intrapreneurship, and the challenges of organizations to become more entrepreneurial are investigated in this chapter. Female entrepreneurship is investigated in chapter 6, both theoretically and practically; and female entrepreneurs and their challenges constitute the rest of this chapter.

Entrepreneurs and managers are distinguished in chapter 7, and chapter 8 elaborated the essential attributes of managers. While chapter 9 investigates the differences between leaders and managers. These three chapters make the readers able to distinguish managers, and leaders from entrepreneurs. Finally, in chapter 10, authors discuss a main challenge, that is "choice of business". This chapter helps readers better take advantage of the nature of entrepreneurship and realize their entrepreneurial spirit.

The book covers the breadth of the field extremely well. Then, businesspersons, lecturers, and students in the fields of business and entrepreneurship are strongly advised to read the book, in order to consolidate their understanding of the nature of entrepreneurship.

Professor Mirjana Radovic Markovic, Professor of Entrepreneurship

Aidin Salamzadeh, Lecturer in Entrepreneurship