



## Entrepreneurship: A journey from job seeker to job creator

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### Abstract

This study explores the effects of the global financial crisis on the global economy and how entrepreneurship can be used as a mitigating strategy for economic recovery, expansion, and development. As we watched the world's economy fall apart, everyone sobbed. Stop crying, world. Large financial firms have collapsed or even been bought out around the world, and governments in even the richest countries have had to come up with reserve packages to save their banking systems.

THEGLOBALFINANCIALCRISISTIMELINE

Warne (2008) believes that restoring investor trust will end the crisis; yet, this is impossible given the regular reports of financial institutions being abandoned. It requires some monetary security.

GOVERNMENTALRESPONSETOTHEGLOBALFINANCIALCRISIS

Governments are assisting and taking all necessary precautions to safeguard their economic system. The governments of the United States of America (USA) and the United Kingdom (UK) have each pledged \$800 billion to the economy to support its structure. The European Union is also about to launch an economic recovery plan, and the International Monetary Fund (IMF) has called for a minimum of \$100 billion in financial assistance (BBC news, 2008).

The government of Nigeria has used the banking sector to inject more than N760 billion into the economy. Due to the global financial crisis, eight (8) Nigerian banks went into trouble, which is why this happened.

### RE-INVENTIONOFTHEGLOBALFINANCIALCRISISTHROUGHENTREPRENEURSHIP

There is no better moment to employ entrepreneurial thinking than during a recession. Business leaders are battling to strike a balance between their organisations' immediate demands for survival and their long-term desire to create new sources of development at a time when the world's economies and sectors are bleeding from the financial crisis. Innovation and entrepreneurship are more important than ever.

The relationship between entrepreneurship, innovation, and economic growth has been clearly demonstrated by a substantial body of academic research and practical business experience. Companies might benefit from the slump by creating new products and services, updating organisational procedures, or using novel collaboration strategies.

You typically see an entrepreneurial spirit arise when people are compelled into the marketplace due to layoffs or economic instability. Entrepreneurs are creative people by nature. Therefore, more entrepreneurship and consequently more innovation occur during recessions.

According to Michael Peek, Managing Partner for Open Praise Ventures, difficult economic times do result in more creative ideas because people are leaving the corporate setting and starting their own businesses.

Entrepreneurs believe that the current economic downturn is the ideal opportunity to explore new business potential. In addition, recessions often promote entrepreneurs' innate propensity for innovation, according to academic economists and business leaders.

Simply said, an entrepreneur is someone who launches a business. The act of making something, including uniqueness,

The entrepreneur is the actor and entrepreneurship is the act and the economic world is the scene, in a period of crisis or during an economic boom, all these periods delimiting a continuous cyclical evolution as plays.

Finally to close the circle, the outcome of the actor and the act is defined as the enterprise

which is a business organization that is formed and which provides goods and services, creates jobs, contributes to the national income, imports, exports and above all sustainable economic development. An enterprise is a business venture.

Entrepreneurship centers on the ability to seize opportunities, to deal with uncertainty, to gather the necessary resources, to act in anticipation of future problem, needs or change, to outperform rivals in marketplace (head-to-head confrontation) and to organize business processes to pursue specific goals.

An entrepreneur has an enthusiastic vision and detects a previously untapped opportunity to make substantial profits, being usually a positive thinker and a decision maker. It has inspiration, motivation, and sensibility and creates rapidly substantial wealth, assuming risks and often involving substantial innovation.

Nafziger Wayne (1997, 2006) says that "the entrepreneur can be viewed in at least four ways:

- (1) As the coordinator of the other production resources (land, labour, and capital)
- (2) As the decision-maker under uncertainty.
- (3) As the innovator and
- (4) As the gap filler and input completer".

In the words of Scott Shame and Sankaram Venkataraman (2007), they believe that "the entrepreneur involves two phenomena: the presence of lucrative opportunities and the presence of enterprising individuals".

The critical role of entrepreneurship in rebuilding the economy is as contained in the works of Won (2007). When he stated that due to its ability of innovation and the growth of investment, entrepreneurship is able to play a vital role in the current financial scenario by creating job opportunities and economic growth.

Bartlett (2008) also stated that the economic crisis and "downturns" provide good opportunities for the medium-sized enterprises; they can undertake counter-cyclical moves that strengthen their competitive positions, lean enterprise campaigns; strategic acquisitions; hiring of talented employees released by the downsizing companies, etc. He further stated that the current crisis offers the same opportunities

Social entrepreneurship is an opportunity by which for-profit organizations establish relationships and ventures with not-for-profit organizations in which the primary focus is civic involvement that leads to social change. Specifically, it is those "individuals who combine the pragmatic and results-oriented methods of a business entrepreneur with the goals of a social reformer" (Hsu, 2005, p. 61). Therefore, social entrepreneurship is an innovative, value creating approach of using entrepreneurial and business skills for the betterment of societal needs and "in the pursuit of high social returns" (New York University, 2009). Current social concerns and causes are traced to the activists in the 1960s and early 1970s, e.g., advancing an individual's rights (Green & Chen, 2009). Martin Luther King had "I Have a Dream" (civil liberties). President John Kennedy advanced the Consumers' Bill of Rights (consumer protection). Women's liberation (equality), anti-Vietnam War (peace), and many other movements were having significant, lasting influences and impacts on what societal norms should be. These "free spirits" were based on fairness, independent thinking by means other than "the usual rules" that were viewed at the time as anti-establishment. As a result, "the usual rules" pertaining to individual rights have changed but continued interests and movements for societal issues and concerns remain.

Societal needs are many but generally are in the broad areas such as poverty, healthcare, labor practices and the environment. The issues and concerns are being addressed by businesses that go beyond producing and marketing "toothpaste, soap, and steel." For instance, over 4 billion people in the world live on less than \$2 per day, and not just in developing countries (Pralhad, 2005). Prahalad identifies these people as being at the Bottom of the Pyramid (BOP) and states, "if we stop thinking of the poor as victims or as a burden and start recognizing them as resilient and creative entrepreneurs and value-conscious consumers, a whole new world of opportunity will open up" (2005, p. 1). This is a viable market in population and purchasing power. The nine largest developing countries (China, India, Brazil, Mexico, Russia, Indonesia, Turkey, South Africa, Thailand) together have 70% of the developing population and a Gross Domestic Product (GDP) of \$12.5 trillion, larger than Japan, Germany, France, the United Kingdom and Italy collectively. The opportunities for entrepreneurs, employees or consumers require share efforts between firms, governments and non-government organizations (Pralhad, 2005).

Entrepreneurship is a term of art, and as a term of art, entrepreneurship represents a phenomenon of importance for those who practice it, study it, as well as for the communities that support and depend upon it. Yet, entrepreneurship is in danger of losing its meaning and usefulness in the grammar of business, economics, and public policy, because entrepreneurship is being used to simplify the explanation of nearly

everything that is good about business. Matlay notes that “In practice, Entrepreneurship has entered everyday parlance and, as a generic term, is used in a variety of contexts and it encompasses a broad range of interchangeable meanings and situations” (Matlay, 2005, p666). If an activity involves risk and uncertainty along with some kind of reward, entrepreneurship is the term used to name that activity. In fact, the word entrepreneurship is being used to name a strategy that firms can use to succeed. Several scholars have developed a model to explain how a firm can use entrepreneurship as a strategy (Meyer and Heppard, 2000) while others clearly state that “Entrepreneurship does not exclusively focus on the isolated individual creating a company” (Rispoli, Boucler, and Verstarate), even though we all recognize that “entrepreneurship is fundamentally personal” (Baum, et al, 2007, p1). In entrepreneurship, we see it from different perspectives: The general public views entrepreneurship as the path to independence, ownership, and great wealth; academics view entrepreneurship in terms of behavior, process, attributes, cognition, innovation, and from micro- and macroeconomics perspectives; while policy makers focus on the outcomes of entrepreneurship such as job and wealth creation, community development, and quality of life created by the social entrepreneur. Each perspective offers a different definition of entrepreneurship; a different outcome. Are these perspectives opposing or complementary? Are we seeing different faces of the same phenomenon or does each perspective represent a distinctly different phenomenon that we happen to name entrepreneurship for convenience?

Economic Recession as an Opportunity

The purpose of this study is to examine and to determine the relationship between an economic recession and the opportunity for social entrepreneurship. The issues and concerns were established, the important role of higher education was discussed, global responses by some current participants were presented and finally the United States-based corporate reactions were investigated. In this section, the study concludes with identifying current examples that this, in fact, does support an opportunity to successfully initiate social ventures. Globally, while the recession does affect social entrepreneurs, they have certain advantages that other businesses might not. In India, the CEO of a social communication agency, Meenakshi Bhalla, finds that social ventures and other non-government organizations have not experienced problems with continued funding. She feels that much of this is attributed to how these entrepreneurs do business – small and efficient. Ms. Bhalla has observed, “Corporations didn’t see the downturn coming as rapidly as it did, and hence did not anticipate the after effects. Social enterprises, on the other hand, are pretty much used to working on judicious spending and budgets, and have always worked more efficiently and effectively within constraints, such as dependency on external funding, lack of good professional resources and natural stressful conditions.” (Segran, 2009).

Other opportunities have been identified, e.g., better at managing costs, being creative and innovative, attractive to those firms looking for low cost, innovative partners, increasing interest of volunteerism, and availability of low cost skilled and professional labor (Segran, 2009). Jop Blom, a Dutch social entrepreneur, might have identified this opportunity the best by stating that “it is time for change in society and confirms (my) company’s mission for global tolerance and cooperation. This crisis has also helped put things in perspective” (Segran, 2009). In the United States, the same guarded opportunistic mindset appears. As Jack Welch, the former CEO of General Electric, has stated, “control your own destiny or someone else will” (Anderson, 2009). Much of this control is a mindset. For example, an entrepreneur leaves the job of working for someone else and creates his/her own income sources that he/she can control. In today’s job market, this interdependency may not have been by their choice but that in and of itself is the opportunity, rather than seeking and waiting for the next job. Kauffman Foundation CEO and President Carl Schramm finds that “history has repeatedly demonstrated that new companies and entrepreneurship are the very way to bolster a flagging economy”

Entrepreneurship as a Source of Change

Where do we begin to explain the entrepreneurship phenomenon from a three-dimensional perspective? The answer is to begin from its most common element. What is entrepreneurship’s most common element? Change is the most common element. Change is an implicit or explicit aspect of our collective understanding of entrepreneurship. The notion of change is inseparable from the phenomenon of entrepreneurship, i.e., to have entrepreneurship without change is simply impossible. In fact, scholars discuss entrepreneurship within the context of the need for change. In fact, we seek an entrepreneur when a change is needed due to the failings of the status quo. The central role of change in entrepreneurship is succinctly stated

by Baum: “The central theme of the process model (of entrepreneurship) presented . . . can be stated in a single word: change. The model assumes that entrepreneurship unfolds over time and that during different phases of the

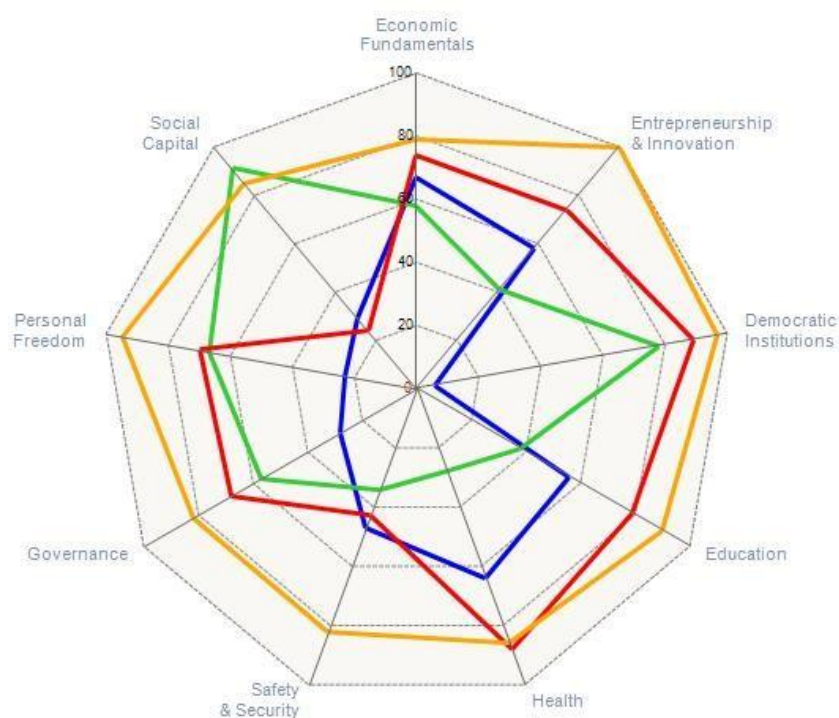
process, entrepreneurs are engaging in somewhat different activities” (Baum, et al, 2007).

Scholars also agree that the entrepreneurs effect change in the world, because entrepreneurs perceive the world differently; believe in their ability to effect change; and have the skills to act on those two perceptions. Additionally scholars also agree that the notable achievements of these actions result from the inclination and ability to challenge conventional thinking, behaved differently than those maintaining the status quo, and exhibit considerable confidence when effecting the change. Consequently, this paper places change at the epicenter of the “Definitional Sphere of Entrepreneurship” as an essential component for an understanding of the phenomenon, because entrepreneurship is viewed as a source of new ventures that create new methods of production or new markets. Following are eighteen words and concepts scholars have used to discuss and explain entrepreneurship and the entrepreneur’s capability to effect change.

Overall, regional development is understood as a dynamic process (Fischer and Nijkamp 2009) and refers to the provision and assurance of equal opportunities, and sustainable economic and social well-being of individuals in areas that are typically less developed. Regional development can include several dimensions: (i) The spatial and territorial dimensions (that is space and place, Johansson and Dahlstrand 2009), and the (ii) Time and historical dimensions (Johansson 2009). These dimensions are more precisely: life-setting (for example urban, peripheral, outskirts, and rural area), economic (for example regional economic growth, new firm formation rates), outlook competences/resources institutional and political and infrastructure (OECD 2009). Further, regional development implies an intention to change human behaviour and socio-economic contexts into desirable, beneficial, and sustainable regional conditions (Cécora 1999). Hence, regional development is primarily given a positive connotation in the literature, whether in the entrepreneurship or regional studies literature.

Regional development is thus about transforming a region or locality, economically as well as socially. Berglund and Johansson (2007) underline that regional development is about social change and transformation, and, as change means to go from something stable and known to something less stable and more unknown we could imagine there are depending on the degree of stability- lot of interaction among the people involved”.

Simplified, economic development is about growth in GDP and local income and net job creation and growth. Social regional development on the other hand may contribute to (i) regional learning (Florida 1995), (ii) The development of cooperation, solidarity, participation and trust within a region by bringing various groups and institutions together” (Seidl et al. 2003), and (iii) The creation of pride in and support for the region, its heritage and its economy (Anderson 2000).



### Global Prosperity Index and Entrepreneurship – A Comparison [India vs. China/Israel and US]

November 27, 2009 by Ashish Sinha in India Business

UK based Legatum Institute conducted an annual prosperity survey of 104 countries and measured countries on prosperity – not just wealth, but factors such as health, education, safety, governance, support for entrepreneurship/innovation etc.

Thenine sub-indexes/parameters are:

- Economic Fundamentals – a growing, sound economy that provides opportunities for wealth creation
- Entrepreneurship and Innovation – an environment friendly to new enterprises and the commercialization of new ideas
- Democratic Institutions – transparent and accountable governing institutions that promote economic growth
- Education – an accessible, high-quality educational system that fosters human development
- Health – the physical wellbeing of the populace
- Safety and Security – a safe environment in which people can pursue opportunity
- Governance – an honest and effective government that preserves order and encourages productive citizenship
- Personal Freedom – the degree to which individuals can choose the course of their lives
- Social Capital – trustworthiness in relationships and strong communities.

Here is a comparison of India/China/Israel and US on different parameters [India: Green, China: Blue, Israel: Red and US: Orange]

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