Defining the Entrepreneur
Complexity and Multi-Dimensional Systems
Some Reflections

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Working Paper # 2008-03

August 2008
ISSN : 0840-853X
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Summary

This text reflects on the notion of defining the entrepreneur. After presenting some background information on the various meanings associated with the term “entrepreneur”, we introduce the three main pioneers who dealt with this subject: Cantillon, Say and Schumpeter. Fifteen of the most frequently mentioned elements from definitions found in the literature were retained, along with twelve of the activities that best characterize what entrepreneurs do. Six main components are proposed for inclusion in a definition of the entrepreneur: (1) innovation, (2) opportunity recognition, (3) risk management, (4) action, (5) use of resources, (6) added value. Some sample definitions are proposed, and the conclusion suggests that there are different levels of innovation and of entrepreneurial expression.

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Introduction

What is an entrepreneur? What characterizes entrepreneurs and distinguishes them from other organizational and social actors? How can the entrepreneur be defined? These are typical questions that most new entrepreneurship researchers ask, and to which a variety of answers can be found in the literature. As for why there is such a broad range of perspectives, the answer is far from simple.

First of all, the range of entrepreneurial roles is increasing steadily, and now includes venture creators, technopreneurs, intrapreneurs, extrapreneurs, social entrepreneurs, the self-employed and many others. In this text, the term “entrepreneur” is used to refer to all these entrepreneurial actors.

Observation reveals that entrepreneurship is a complex phenomenon involving a set of activities with technical, human, managerial and entrepreneurial characteristics, the performance of which requires a diverse set of skills. Generally, entrepreneurial actors play additional roles (mainly managerial) when they carry their entrepreneurial activities, and this, too, must be taken into account. Clearly, the range of roles begs the question as to what constitutes the common core activities for all these actors and what sets the entrepreneurial aspect of their activities apart from the other aspects.

Given the many different categories and types of entrepreneurs, it is reasonable to wonder whether there can possibly be elements that are common to them all. Why are there so many definitions of the entrepreneur? In fact, there are several reasons, including the range of disciplines, research fields and paradigms through which actors and situations can be studied. The humanities differ from physics and the other “hard” sciences, in that specialists can study and define phenomena from widely different standpoints.

In our own graduate research courses in entrepreneurship, we discuss and define the entrepreneur using several different analysis grids, including that devised by Burrell and Morgan (1979), based on two vectors: subjectivist-objectivist and radical-regulation. The grid can be used to classify the humanities literature into four categories:

1) Functionalist: objective view of reality and a regulatory view of society
2) Interpretativist: subjective view of reality and a regulatory view of society
3) Radical structuralist: objective view of reality and focus on radical change
4) Radical humanist: subjective view of reality and focus on radical change (Burrell and Morgan, 1979; Howorth et al., 2005).

Definitions of the entrepreneur will obviously differ according to the authors’ paradigms. Other entrepreneurship researchers have also proposed the Burrell and Morgan grid as a means of understanding the different standpoints for definitions of the term entrepreneur (Howorth et al., 2005). There are many reasons for the broad range of perspectives, but one in particular stands out, namely the prism through which the author of the definition observes and understands reality. This is the first element that should be considered in any definition. Morgan (1997) also suggested nine metaphors for looking at organizational life. They offer rich perspectives for examining entrepreneurship too.

Researchers have always been interested in defining the entrepreneur, but the literature on the subject was most abundant in the 1970s, 1980s and 1990s. This was the time when growing numbers of researchers from a host of different disciplines, including many emerging disciplines in the humanities and administrative sciences, began to take an interest in entrepreneurs: Kilby, 1971; Wortman, 1987; Low and MacMillan, 1988; Bygrave, 1989, 1993; Gartner, 1990; Cunningham and Lischeron, 1991; Reynolds, 1991; Bull and Willard, 1993; Brazeal and Herbert, 1999; and Sharma and Chrisman, 1999. Even after the 1990s the subject remained a real concern for researchers: Davidsson et al., 2001; Busenitz et al., 2003; Sarasvathy, 2004; Gartner et al., 2006; Grégoire et al., 2006; and Ireland and Webb, 2007.

A brief history of the origin and meaning of the term “entrepreneur”

The term “entrepreneur” is a French word derived from the verb “entreprendre”, which means to do or to undertake. It can be divided into two parts, “entre”, meaning “between”, and “preneur” meaning “taker”. Literally, then, an entre-preneur is a “between-taker”, or “go-between”.

The term “entrepreneur” first appeared in the literature in 1253, when it was used in different forms (e.g. “empreneur”). It appears to have taken on its present, definitive spelling in 1433 (Rey, 1994:700). We know it was used commonly in the 1500s and 1600s. For example, Champlain, speaking of his first voyage to explore the St. Lawrence River in 1603, wrote that he had been invited to make the trip “to see the country and what entrepreneurs would do there” (Champlain, 1632, in Giguère II: 702, free translation from the French).

Hélène Vérin (1982) wrote a doctoral thesis in literature in which she discusses the shades of meaning of the terms “entrepreneur” and “enterprise” through history. She notes that the ancestor of the term “enterprise” – “emprise” (from the Latin imprisia) – referred to something bold, firm and daring (Vérin, 1982: 31-33). She also examined variations in meaning over the
centuries, and especially between the 13th and 18th centuries. The current meaning that also refers to an enterprise leader first appeared in the early 19th century (Rey, 1994: 700).

Three pioneers in the field of entrepreneurship

Richard Cantillon

Three authors in particular were among the first to reflect extensively on what entrepreneurs do. The concept of entrepreneur can be understood more easily through the writings of these main pioneers. The first, Cantillon, was what we would now call a venture capitalist looking for investment opportunities with better than average yields. His perspective as an investor meant that the element of risk was a core aspect of how he viewed entrepreneurial projects and defined what he considered to be an entrepreneur (Cantillon, 1755). As Schumpeter pointed out:

“...Cantillon had a clear conception of the function of the entrepreneur...This, of course, is scholastic doctrine. But nobody before Cantillon had formulated it so fully. And it may be due to him that French economists ... never lost sight of the entrepreneurial function and its central importance”. (Schumpeter, 1954: 222)

Cantillon described the entrepreneur as a person who purchases a raw material at a known price in order to sell it at an unknown price (Cantillon, 1755). In Cantillon’s definition, an entrepreneur’s role lies between that of two or more other actors. He or she is an intermediary (or go-between) who instigates a transformation.

Jean-Baptiste Say

After Cantillon, the author who had the greatest impact on the field of entrepreneurship as it is today was Jean-Baptiste Say, nearly a century later. Say was himself an entrepreneur, and came from an entrepreneurial family. He was also a prolific writer, and wrote from the standpoint of someone preparing others to become entrepreneurs and hoping to convince them of the importance of entrepreneurs in economic development. He identified the element of innovation as being most characteristic of the entrepreneur; in other words, he regarded entrepreneurs as being people who could do new things, people who could do more with less, and people who would obtain more by doing something in a new or different way (Say, 1815; 1996). Therefore, Say saw the entrepreneur as an economic actor whose activities generated an added value. In his monumental work on the history of economics, Schumpeter pointed out that Say was the first to draw a clear distinction between the role of the entrepreneur and the role of the capitalist (Schumpeter, 1954: 555).

Joseph Alois Schumpeter

Joseph Alois Schumpeter is the author to whom the association between entrepreneurs and innovation is most often attributed by experts. In fact, as Schumpeter himself pointed out, he simply took over the definition presented by Jean-Baptiste Say (Schumpeter, 1954). He went further, however, postulating that “the essence of entrepreneurship lies in the perception and exploitation of new opportunities” (Schumpeter: 1928). When he went into politics in an Austrian-Hungarian empire that needed to become more dynamic, Schumpeter identified
entrepreneurs as being the people most needed to revitalize the economy and the organizations. Writing one century after Say, his thinking appears to be more complex and more complete. He associated innovation by entrepreneurs with five elements:

1. The introduction of a new good;
2. The introduction of a new method of production;
3. The opening of a new market;
4. The conquest of a new source of supply of raw material;
5. The carrying out of the new organization of any industry. (Schumpeter, 1934:66).

It is interesting to note that none of the combinations proposed by Schumpeter to define innovation included new venture creation as such. In his writings, Schumpeter often mentioned the concept of creative destruction to refer to the contribution of innovation by entrepreneurs (Schumpeter, 1954). It is to remember that he used the term entrepreneur to refer, to what we now call intrapreneurs as well, since the term was not coined during Schumpeter’s lifetime.

Clearly, then, the standpoint from which an author approaches the concept of entrepreneurship influences the key elements he or she will use to define that concept. The humanities involve a certain amount of subjectivity, in that there is not necessarily a clear-cut answer to a question as is the case in the hard sciences. Definitions depend on the original standpoint – often the disciplinary field – that determines the prism through which human beings see and understand reality, and express their subjectivity.

An interesting element to consider here is the database on which the three pioneers, Richard Cantillon, Jean-Baptiste Say and Joseph Alois Schumpeter, based their reflections on entrepreneurs, their characteristics and their roles. Today, many authors and publications ascribe a great deal of importance to the samples used, in order to classify the research as being reliable and valid, and therefore in compliance with scientific criteria. However, the three pioneers in the field of entrepreneurship were not researchers as we understand the term today. Their point of reference, far from being a “representative sample”, was in fact composed simply of people they knew who had played entrepreneurial roles. In the case of Say and Schumpeter, these were more socially-oriented roles that they wished to develop.

The most common elements used in definitions of the entrepreneur

There are many ways to define an entrepreneur. For most people, an entrepreneur is a person who owns and leads a business. However, specialists increasingly use a larger number of elements in their definitions of and references to entrepreneurs (Julien, 1998). Ultimately, virtually every author has a different definition of the term, depending on the specific entrepreneurs or entrepreneurial category studied. We have identified 15 elements mentioned most frequently in the definitions from the entrepreneurship literature that we believe are most relevant (Filion, 1987; 1988). Many authors include different elements in their definitions, or present different definitions during their careers. In such cases we have selected the concept the author in question appears to regard as being most important. We chose a selection of authors dealing with the subject over the centuries, and especially over recent decades because the use of the recent literature alone does not provide a true overview of the different perspectives from which the subject was examined in the shaping of what is in the process of becoming the field of study of entrepreneurship.
### Table 1

The elements mentioned most frequently in definitions of the term “entrepreneur”

<table>
<thead>
<tr>
<th>Elements defining the entrepreneur</th>
<th>Authors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Innovation</td>
<td>Schumpeter (1947); Cochran (1968); Drucker (1985); Julien (1989; 1998).</td>
</tr>
<tr>
<td>Risk</td>
<td>Cantillon(1755); Knight (1921); Palmer (1971); Reuters (1982); Rosenberg (1983).</td>
</tr>
<tr>
<td>Coordination of resources for production; organizing factor of production or of the management of resources</td>
<td>Ely and Hess(1893); Cole (1942 and in Aitken 1965); Belshaw (1955); Chandler (1962); Leibenstein (1968); Wilken (1979); Pearce (1981); Casson (1982).</td>
</tr>
<tr>
<td>Value creation</td>
<td>Say (1815, 1996); Bruyat and Julien (2001); Fayolle (2008).</td>
</tr>
<tr>
<td>Projective and visionary thinking</td>
<td>Longenecker and Schoen(1975); Filion (1991; 2004).</td>
</tr>
<tr>
<td>Focus on action</td>
<td>Baty (1981).</td>
</tr>
<tr>
<td>Leadership</td>
<td>Hornaday and Aboud (1971).</td>
</tr>
<tr>
<td>Dynamo of the economic system</td>
<td>Weber (1947); Baumol (1968); Storey (1982); Moffat (1983).</td>
</tr>
<tr>
<td>Venture creation</td>
<td>Collins, Moore and Unw alla (1964); Smith (1967); Collins and Moore (1970); Brereton (1974); Komives (1974); Mancuso (1979); Schwartz (1982); Carland, Hoy, Boulton and Carland (1984); Vesper (1990).</td>
</tr>
<tr>
<td>Opportunity recognition</td>
<td>Smith (1967); Meredith, Nelson and Neck (1982); Kirzner(1983); Stevenson and Gumpert (1985);Timmons (1989); Dana (1995); Shane and Venkataraman (2000); Bygrave and Zacharakis (2004); Timmons and Spinelli (2004).</td>
</tr>
<tr>
<td>Creativity</td>
<td>Zaleznik and Kets de Vries (1976); Pinchot (1985).</td>
</tr>
<tr>
<td>Control</td>
<td>McClelland (1961)</td>
</tr>
<tr>
<td>Introduction of change</td>
<td>Mintzberg (1973); Shapiro (1975).</td>
</tr>
<tr>
<td>Rebellion/Delinquency</td>
<td>Hagen (1960).</td>
</tr>
</tbody>
</table>

The table does not present the shades of meaning that authors included in their definitions of the entrepreneur. For instance, Dana (1995) found that people of unlike cultural origins relate to opportunity in different ways, and argued that entrepreneurship should therefore not be viewed simply as a function of opportunity recognition, but rather as a function of cultural perceptions of opportunity.
Towards a definition of the entrepreneur

To define what entrepreneurs are, we can first look at what they do – in other words, at their activity systems. We have observed entrepreneurs repeatedly, in the course of many research projects, and one aspect that stands out is their ability to act independently. Therefore, we can say that one of the primary characteristics of an entrepreneur is the ability to conceive and implement an activity system. In other words, entrepreneurs are people who are able to translate thoughts into action; they are dreamers and thinkers who do.

Our observations have also shown that entrepreneurs are people who engage in activities they themselves have designed. But not just any activity – these are activities that were defined as a result of recognizing an entrepreneurial opportunity. In many cases, the opportunity involved doing something differently and therefore adding value to what existed previously. Generally speaking, entrepreneurs initiate, implement and develop their projects trying to use a limited number of resources in order to generate surpluses and profits which can then be reinvested to achieve further development. Their motivation is to innovate or introduce something new while minimizing the risk.

Table 2
Activities and characteristics often attributed to entrepreneurs

<table>
<thead>
<tr>
<th>Activities</th>
<th>Characteristics</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Learning</td>
<td>Experience of a sector; memorized information; use of feedback.</td>
</tr>
<tr>
<td>2. Choosing a sector</td>
<td>Interest; motivation; assessment of potential added value for the future.</td>
</tr>
<tr>
<td>3. Identifying a niche</td>
<td>Care; analytical capacities; precision; target.</td>
</tr>
<tr>
<td>4. Recognizing and developing an entrepreneurial opportunity</td>
<td>Originality; differentiation; creativity; intuition; initiative; culture that value innovation.</td>
</tr>
<tr>
<td>5. Visualizing projectively</td>
<td>Ability to dream realistically; conceptual skills; systemic thinking; anticipation; foresight; ability to set goals and objectives; visioning.</td>
</tr>
<tr>
<td>6. Managing risk</td>
<td>Thriftiness; security; conservatism; moderate risk-taker; ability to tolerate uncertainty and ambiguity; independence.</td>
</tr>
<tr>
<td>7. Designing (products, services, organizations)</td>
<td>Imagination; problem-solving skills.</td>
</tr>
<tr>
<td>8. Committing to action</td>
<td>Self-confidence related to clearly defined identity; long-term commitment; hard-worker; energy; result-orientation; decision-making; passion; locus-of-control; determination; perseverance; tenacity.</td>
</tr>
<tr>
<td>9. Using resources</td>
<td>Resourcefulness; coordination; control.</td>
</tr>
<tr>
<td>10. Building relations systems</td>
<td>Networking skills; flexibility; empathy; listening and communication skills; use of mentors; vision.</td>
</tr>
<tr>
<td>11. Managing – sales; negotiations; people – and delegating</td>
<td>Versatility; adaptability; capacity to design tasks; ability to trust.</td>
</tr>
<tr>
<td>12. Developing</td>
<td>Leadership; seeks challenges.</td>
</tr>
</tbody>
</table>
We will not comment in detail on every element of Table 2. What we will say, however, is that it is not possible to define the entrepreneur based solely on the characteristics of people who play entrepreneurial roles. Characteristics can be used to refine and clarify certain aspects of a definition, but cannot be regarded as constituting its core. Table 2 presents the activities mentioned most frequently in the entrepreneurship literature, which we felt were most relevant in achieving a definition (left column). However, it is important to establish the relative importance of each activity.

It can be useful to consider activities when defining a research subject or structuring a research project. Activities are easily identifiable and can be delimited. Some can even be measured. Nevertheless, care is needed when observing the activities of entrepreneurs, because many are management activities that complement or add to entrepreneurial activities, rather than purely entrepreneurial activities as such. This is the case, for example, of the management activities listed under point 11 of Table 2 above.

It is our contention that there are levels in entrepreneurial expression, meaning that the elements used to define the entrepreneur can be ranked in importance. A distinction must be drawn between “essential” elements, i.e. those that entrepreneurs perform when doing what they do as entrepreneurs, and other elements that, although partly explaining the entrepreneur’s success, are more managerial in nature. For a definition of the entrepreneur, we therefore suggest focusing on the “essential” entrepreneurial act, in the sense of that which constitutes the essence of the entrepreneur’s activity, i.e. the act of recognizing and developing entrepreneurial opportunities. The definition should also include at least the six components set out in Figure 1 below.
Therefore, a definition of entrepreneurs should include at least these six elements: An entrepreneur is an actor who **innovates by recognizing opportunities**; he or she makes moderately **risky** decisions that leads into **actions** requiring the efficient **use of resources** and contributing an **added value**.

In our view, however, there is no single, absolute definition of what an entrepreneur is and does, just like there is no “one best way” (Taylor, 1947). Everything depends on the standpoint or perspective of the person creating the definition, and the aspects and elements on which that person decides to focus in his or her research. Some definitions of entrepreneurs can be very short; examples would include: “Entrepreneurs are dreamers who do” or “Entrepreneurs are doers who get results”. Table 3 suggests some simple definitions of the entrepreneur.
Table 3
Some short definitions of the entrepreneur

An entrepreneur is an actor:

- who learns continually in order to recognize opportunities with potential for innovation;
- who makes innovations that add value;
- who is able to recognize opportunities for development;
- who conceives and implements visions with elements of differentiation;
- who is able to conceive an organizational project or enterprise based on the recognition and development of a risky opportunity with potential for innovation;
- who takes moderate risks in order to innovate;
- who is innovative and able to take action by exploiting an opportunity to develop a product or service;
- who uses resources economically in order to design innovative products or services with a competitive edge based on differentiation;
- who is focused on the recognition of risky opportunities with a potential for innovation in order to fulfill a social or market need;
- who is imaginative and able to move away from the beaten track by carrying out innovative activities with added value.

All these definitions present at least one aspect of what an entrepreneur is and does.

The next step is to devise a definition that reflects the six main elements and additional dimensions of the entrepreneur’s activity system. Below are some more complete suggested definitions of what an entrepreneur is and does.
### Table 4

**Sample definitions**

<table>
<thead>
<tr>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>An entrepreneur is:</td>
</tr>
<tr>
<td>- An imaginative actor who recognizes entrepreneurial opportunities, makes moderately risky decisions with a view to innovating, and takes action by using resources to implement a differentiated vision that contributes an added value.</td>
</tr>
<tr>
<td>- An intuitive, resourceful, tenacious actor who is able to recognize and develop risky opportunities with potential for innovation, and who adds value to what already exists by setting up activities that involve a scarce use of resources.</td>
</tr>
<tr>
<td>- A results-oriented designer of innovations who is able to develop risky opportunities, who learns to be creative and resourceful, takes action by making practical use of limited resources and a network of contacts, and who is able to structure organizational activities to form a client satisfaction system that contributes an added value.</td>
</tr>
<tr>
<td>- A results-oriented actor who maintains a high level of sensitivity in order to recognize and develop entrepreneurial opportunities. This actor makes moderately risky decisions and is discerning in the use of resources. As long as this actor continues to take action by designing and implementing value-added innovations, he or she will continue to play an entrepreneurial role that contributes development.</td>
</tr>
</tbody>
</table>

Entrepreneurship is the field that studies entrepreneurs, entrepreneurial actors and entrepreneurial environments.

**Conclusion**

We share the opinion of Mark Casson, who wrote that “The most difficult part of studying entrepreneurship is to define who and what an entrepreneur is” (Casson, 1982: 1). There are many dimensions that can be considered in a definition of what an entrepreneur is, based on what entrepreneurs do. An important dimension to remember is that there are different levels of entrepreneurial expression. Ultimately, each discipline could have its own definition of the entrepreneur. However, every definition must reflect the contingency elements on which it is based. Questions concerning the definition of the entrepreneur will continue as long as researchers devise new disciplinary sets and metaphors to explore the different facets of human behaviour. Fully integrated, more complete definitions of the entrepreneur will become possible once a science of action has been developed. Even then, it may well be that entrepreneurs will continue to be misunderstood not only by others, but by themselves as well.
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