The role of the entrepreneur is today regarded as crucial in the success of the business enterprise, a perception that has not always existed. How that role is fulfilled most effectively, though, remains a matter for much contention. The postwar ascendancy of many Japanese firms was particularly associated with long-term strategic planning through shared decision-making. Entrepreneurial skills were concentrated on a narrowly focused individual firm and its enterprise group within a local setting. Emphasis was placed on strategies that were market-driven, fostered close interfirm relationships, and empowered employees. The dominant Westernised, or at least American, paradigm has been somewhat different. It emphasised broad generic management skills in large diverse corporations, with decision-making concentrated in elite head offices that oversaw wide geographic empires and concentrated upon performance-monitoring and problem-solving.

Recently, these alternative entrepreneurial paradigms have begun to converge. The rapid rates of economic growth achieved by Japan in the postwar decades generated much interest from other nations and the adoption of many of these practices in an attempt to emulate their growth rates. American management skills needed to be more product and market-focused and longer-term in outlook. Japanese firms have also begun to look more critically at their own approaches. The slowdown of Japanese economic growth in the 1990s revealed some of the inflexibilities of the system. Increased affluence, greater exposure to Western influences and the ageing of the population also contributed to changes in attitudes. Consensual decision-making was becoming too slow and bureaucratic, unable to provide rapid responses to increasing economic uncertainty and rapid rates of technical change. Moreover, as Japanese firms moved increasingly overseas the cultural traits and physical proximity that underpinned these forms of decision-making were no longer present; the system did not travel well. More autocratic forms of decision-making were needed. In addition, large ranks of well-paid older executives,
who had ascended the age-based seniority scale, swelled the ranks of middle management at a time when Western firms were downsizing their hierarchies. Increasingly, Japanese firms followed Western solutions, redefining lifetime employment and weeding out poor performers in order to simplify and lighten the management structure.

The key issues for British management centre more upon the belated breakdown of exclusive social networks, the expansion of management education, and the development of a more conducive pro-business culture since the 1980s. Australia has also been going through a managerial catch-up process; with an increasing trade and investment orientation towards Japan and Asia, balanced against its historic relationship with Britain and America, it provides a unique amalgam of changing ideas on entrepreneurship and management.

This chapter, therefore, provides us with an opportunity to understand the entrepreneurial function and why and how this changes in different historic and geographic environments.

**PART B: THEORY**

**Definitions**

All successful businesses require the exercise of effective entrepreneurship, yet our understanding of the term ‘entrepreneurship’ is often imprecise and sometimes inaccurate. Entrepreneurship is frequently viewed as a personality attribute: some individuals are assumed to have a certain flair or aptitude for developing a business. Such features might include energy, drive, alertness, inquisitiveness, acquisitiveness, shrewdness, and even deviousness. Alternatively, it is associated with a specific role, frequently that of the self-employed owner-manager of a firm. It is perhaps most accurately regarded as a particular function, notably decision-making by those responsible for the organisation of resources for productive purposes including the procurement, processing, and distribution of inputs and outputs. This approach embodies the fact that entrepreneurship can be exercised by many different groups and individuals particularly owners, salaried managers and hired consultants.

The term entrepreneur was probably introduced by Richard Cantillon in the eighteenth century, and French economist J. B. Say of the early nineteenth century was one of the first writers to identify a central role for the ‘organiser’ entrepreneur. However, their views were largely ignored by nineteenth-century classical economists whose production function view of the firm, which we discussed in Chapter 1, downplayed the entrepreneur’s significance. Since production was assumed to occur in small perfectly competitive firms, the entrepreneur was viewed as a passive superintender of the factors of production who optimised subject to given external constraints to generate ‘normal’ profits. Moreover, the entrepreneurial function was rarely distinguished from that of capital provider and was typically contained in a catch-all residual factor. By the early twentieth century several economists had begun to take a more positive view of entrepreneurship, recognising the inherent challenges and opportunities in the function of organising the other