International Journal of Economics, Commerce and Management
United Kingdom Vol. IV, Issue 5, May 2016
http://ijecm.co.uk/ ISSN 2348 0386

ENTREPRENEUR AND MANAGER ARE SEPARATE BEDFELLOWS

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Abstract

There are controversies over the entrepreneur and the manager. What has sustained the argument is lack of literature by authors and researchers on the subject matter which elucidated the distinct separation of entrepreneur from the manager. Entrepreneur cannot function as well as manage in an organization because the managers' duty is to tame an entrepreneur's wild business and consolidate its strength. According to Katzenstein (2010) the literature and history of commercial organizations in western countries are full of cases where the entrepreneur did not know when to ask himself/herself "Am I superfluous around here?" as well as many description of "the entrepreneur who ruins his/her business". This happening has adversely affected business survival and growth in Nigeria occasioned by numerous comatose organizations simply because the entrepreneur refuses to separate him/herself from the managerial functions of the organization. The paper therefore highlighted the distinctive functions of both in an organization which must be adhered to for its survival and growth.

Keyword: Entrepreneur, Manager, Separation, Business, Survival, Growth

INTRODUCTION

Business enterprises have been recognized by governments, politicians and experts, as a potential engine of economic growth and a major factor in promoting private sector development and partnership. There are controversies among authors, governments and scholars as to the difference between an entrepreneur and a manager. Many researchers argue that a great entrepreneur may not be a great manager and also a great manager may be a terrible entrepreneur. Though an entrepreneur may be addressed as entrepreneur/manager but that do not qualify the entrepreneur as a manager because he/she is merely overseeing the affairs of the business when still in the sphere of family business. The manager has distinctive functions in every business organizations.

The topic has generated a lot of controversies among scholars and researchers that the subject topic has not been fully addressed and in support of the above assertion. Beaulier et al (2008) opine that a direct discussion of whether or not entrepreneurs should also be managers of the companies they create has not been fully developed in the literature. They quoted (Baumol, 1993) who separates managerial responsibilities from entrepreneurship, but the distinction he draws is not incorporated into his analysis of entrepreneurship. Also to buttress their augment, they referred to (Holmes and Schmitz, 1990) model a specialized "entrepreneurial task" but assume homogeneity in management skills across all individuals, that is, they assume all people are equally skilled managers. More importantly, Holmes and Schmitz do not distinguish between the entrepreneurial and managerial tasks, not do they discuss the optimal mix of managerial and entr4epreneurial known-how over a firm's life cycle.

In concluding their augment, Beaulier et al (2008) affirm that entrepreneurial knowledge is unlike managerial knowledge basing their assertion on Holcombe (2007) that "good management means doing what one is doing as efficiently as possible while entrepreneurship means implementing something new".

In the work of Katzenstein (2010), President of Insitutute for the Study of Entrepreneurship and Management of Innovation (ISEMI) in Isreal, she states as follows: One of the major differences is in the level of responsibility that each has.

No one will argue that a manager does not have a lot of responsibility. They are generally in control of a group of people, and most often they have deadlines and quotas that need to be met. An entr4epreneur may or may not be in control of employees depending on the nature of the business. Even without employees to watch over, an entrepreneur has a great deal of responsibility.

A manager is concerned about the level of production only as far as his/her job security is concerned. However, even if his/her quotas are not met, a manager still gets his weekly paycheck. An entrepreneur on the other hand is completely responsible for his livelihood. If he does not perform, he does not earn any money. This is why it takes more courage to take the entrepreneurial path. With no guarantee of success and therefore no guarantee of profit or income, the entrepreneur is often taking a chance, a chance that many people do not have the courage to take.

She further outlines the differences hinging it on the Theory of Organizational Behavior that distinguishes five classic phases in the development of an organization.

Phase 1: Enterprise/creativity,

Phase 2; Establishment/Professional Management,

Phase 3: Delegation of Authority,

Phase 4: Co-ordination between the various parts of the organization, and

Phase 5: Co-operation between the various parts of the organization (the "Interfaced Cycles" Organizational structure).

Katzenstein discusses the first two out of the five stages of entrepreneurial organization development. According to her, the transition from phase to phase is usually accompanied by a crisis in the organization indicating the need for immediate change. She affirms unequivocally that empirical and theoretical studies have described these transitional stages in the life of the organization but less is known about the various types of management and how they adapt to change in the organization due to the transition phase to phase. Therefore, as the organization moves from phases 1 to 2, it represents the passage from a new enterprise in becoming an established institution, is one of the most difficult and critical in the life of any organization.

The findings of Prof. Katzenstein reveal that during the early stage of the new enterprise, this initial stage, which Holmes and Schmitz (1990) describe as the "entrepreneurial task," requires the skills and knowledge of the entrepreneur. The act of entrepreneurship is clearly unique and "…entails the use of imagination , boldness, ingenuity, leadership, persistence and determination in the pursuit of wealth, power and position…" (Baumol, 1993). The entrepreneur is still playing an active role in the business during this stage of the firm's evolution, but as the organization move from a new enterprise to an established institution, change is inevitable as products are becoming commoditized, repetitive processes introduced, and the main problems for the firm are managerial ones. In some sense, in this stage there is a call for bureaucracy (Beaulier et al, 2008). However, a typical entrepreneur continuous active involvement in the day-to-day administration of the organization can lead to hostility and tension, which damage the organization's ability to function and even to survive.

Stoner et al (1990) quoting Paul H. Wilken states that entrepreneurship is different from management. Entrepreneurship involves combining to initiate changes in production that is a discontinuous phenomenon, appearing to initiate changes in the production process and then disappearing until it reappears to initiate another change. Management on the other hand, is the coordination of production process, a continual combining of the factors of production, through planning, organizing, leading and controlling.

ENTREPRENEUR AND MANAGER – SEPARATE BEDFELLOWS

A lot has been discussed above in relation to the entrepreneur and the manager to be separate and distinctive fellows. What separated them are as follows:

- **Behavioral Differences**

Katzenstein (2010) postulates that a typical entrepreneur wants to be in control of his life, of his business and especially of his employees, the reason why he started the business. To corroborate the above assertion, Padma Praveen states that the entrepreneur started a business enterprise because he comprehends the venture for his individual satisfaction and has personal stake in it. Whereas a manager according to Padma, provides his services in an enterprise established by someone. In the words of Katzenstein, the manager enters a company which needs to delegate authority, since it has reached the stage in its development where the entrepreneur can no longer do it all himself. Lastly, Stoner et al (1990) opine that the managers work with and through other people such as subordinates, supervisors and other managers in the organization.

- **Management Style**

The entrepreneurial management style is very demanding, leaving very little room for error and none at all for actual failures (Katzenstein, 2010). Entrepreneurs are more concerned with the launching and sustainability of a business in the face of uncertainty. Winston Churchill summed up this when he said 'success is the ability to go from failure to failure with no loss of enthusiasm. Managers according to Katzenstein (2010), Ajaero (2010) and Padma Praveen are concerned with the effective and efficient operation of an on going business. That is, the managers implement the entrepreneur's plans and ideas. In corroboration of the above assertion, Stoner et al (1990) say managers are responsible and accountable because they are in charge of seeing that specific tasks are done successfully.

- **Moving Force**

Entrepreneurial management is characterized by concepts such as entrepreneurship, creativity, motivation and so on, the desire to create something from nothing thereby acting as a change agent. The entrepreneurs are not driven by resources, he asked, given what I want to achieve, what resources do I need to acquire it? The entrepreneur drives to acquire resources in order to exploit opportunities that create the high correlation between entrepreneurship and business growth. The entrepreneur tends to be motivated by the dream of things that conventional wisdom says can't, won't or shouldn't be done (Fox, 2000; Katzenstein, 2010; Padma Praveen; Ajaero, 2010). The entrepreneur according to Adnan (2000) an important characteristic of entrepreneurs is that they are good a failure – the entrepreneur sees failure as a temporary setback. The manager is characterized by concepts such as 'order', 'organization', 'procedures' and so on indicating the desire to organize and maintain what exists because, the manager has to work as per the guidelines laid down by the entrepreneur. The manager cannot replace the entrepreneur in spite of performing the allotted duties. The managers balance competing goals and set priorities as he/she faces a number of organizational goals, problems and needs. Resources are limited and managers strike a balance between various needs and goals (Stoner et al, 1990).

- **Growth**

Entrepreneurial management is noted for its ability to react quickly and effectively to new business opportunities. This ability according to Katzenstein (2010) is the foundation for rapid growth of the company in its entrepreneurial stage. The entrepreneur perceives an opportunity, assemble a team and locate resources to exploit it in the face of uncertainty. J. Paul Getty says "without the element of uncertainty, the bringing off of even, the greatest business triumph would be dull, routine and eminently unsatisfying". The professional manager is noted for medium and long-term strategic planning based on his/her acquired educational knowledge in the fields of management theories and practices, which leads to control growth of the company during the process of establishment. In fact, the manager is concern with the effective and efficient operation of an on-going business (Ajaero, 2010). In contribution, Stoner et al (1990) reveal that managers must think analytically and conceptually. A conceptual manager should be able to view the entire task in the abstract and relate it to other tasks and analytical thinker must be able to break a problem down into its components, analyzes those components and come up with a feasible solution which span into days, weeks and even months.

- **Organizational Structure**

The entrepreneurial organization is characterized by its informal, flexible structure, which allows it to adapt to changes required by it rapid growth. An entrepreneur is intensely dedicated to develop business through constant innovation. Stoner et al (1990) say the entrepreneurial organization structure is flat, with multiple informal networks while the professional manager administrative organizational structure is hierarchy. The professional manager requires a formal and fairly rigid organizational structure, which leaves no room for rapid reactions to business opportunities, but protects the organization from sudden collapse (Katzenstein, 2010). In contribution, Padma (2000) opines that typical manager brings professionalism into working of an organization. They bring fresh perspectives, ideas and approach to trouble shooting, which can be invaluable.

- **Decision Making**

The entrepreneur according to Katzenstein (2010) usually makes decisions, even those of critical importance for4 his business, on the basis of his own personal intuition and 'gut feelings'. In contribution, Onuoha (1998); Ile (2001) state that the entrepreneur ability to think positively and without vacillation and to act in the same way – decision making as to the opportunities to exploit, promote and establish the business enterprise. The manager makes decisions after collecting detailed information and reaching operative conclusions, while relying on experts both from within and outside the organization (Katzenstein, 2010). The entrepreneur as observe by Beaulier et al (2008) controls the firm's direction and makes key decision and makes key business decisions to create a realized or stable firm early on because he/she has the specialized knowledge of the product and the latent consumer demand for the product. Stoner et al (1990) say managers are mediators because organizations are made up of people and often disagree about goals and the most effective way of attaining them, he settled quarrels and resolve disputes.

- **Definition of Aims**

The entrepreneur describes his organization in terms of 'vision' and 'mission' and manages to give his/her employees the feeling that they are working for a higher aim than just marketing a product and/or service. The professional manager describes the company aims in terms of market segments, yields per worker and profitability (Katzenstein, 2010).

- **Attitude to Money**

Katzenstein (2010) says that although the accepted myth is that entrepreneurs are driven by the desire for power and money, both theoretical and empirical studies have shown that typical entrepreneurs are in fact driven by the desire for successs rather than power. This means that, in the eyes of most entrepreneurs, while money is a welcome by-product of their efforts, it is not sthe reason for their efforts. Onuoha (1998) affirms that a typical Nigerian believes in business ownership, either as an effective escape valve from p[aid employment or to satisfy the desire to own something. The professional manager looks at the business he manages through 'financial eyes' and defines its aims (usually in the short-term only) purely in financial terms.

- **Attitude to Risk**

The myth describes entrepreneur as ‘wild risk takers’, although many studies have shown that in fact the typical entrepreneur is very good at assessing risks (Katzenstein, 2010). Padma (2000) says that the entrepreneur is the owner of the organization and he bears all the risk and uncertainties involved in running an organization. Onuoha (1998); Adna (2000); Ile (2001) affirm that the entrepreneur takes calculated risk, that is, the ability to take chances and to embrace failure as a learning experience. The business manager sees his position as to strengthening and maintaining the company, is naturally afraid of risks and tries to maintain the status quo. Padma (2000) says the manager makes every effort to avoid mistakes and postpones failure. Beaulier et al (2008) quoting Baumol (1993) says the manager works to minimize costs within an established firm, and he oversees the ongoing efficiency of continuing process. It is the manager’s task to see that available processes and techniques are combined in proportions appropriate for current output levels and for the future output. The manager sees to it that inputs are not wasted, that schedules and contracts are met. Conclusively, the manager takes charge of the activities and decision encompassed in the traditional models of the firm. Therefore, the managers are relatively conservative, inflexible, and risk-averse and have the skills that can minimize average costs over the long run.

- **Information**

A firm’s long-run survival, as well as it market value, depends in part on the use of managerial information that reflects changes overtime in the organization, which is the information necessary to operate a viable on-going business and entrepreneurial information, which is concerned with the identification of market opportunities (Beaulier et al, 2008).

- **Company Culture**

The typical entrepreneur does not usually try to define a ‘culture’ for the organization he sets up, since in most cases he himself is the organization. The literature defines this situation as ‘the entrepreneurial organizational culture’ characterized by large doses of charisma and manipulativeness. A professional manager does try to establish a well-defined company culture, based on company values on one hand and commercial aims on the other (Katzenstein 2010).

CONCLUSION

The evolution of entrepreneurship as propounded by McClelland in Stoner et al (1990) rest on two factors – the psychological which reveals that those who become entrepreneur have a high need for achievement and this is not unconnected with the societies as some societies produce more people with this need than others. While the sociological factor dwells on the entrepreneur chose things that account for differences among societies as well as individuals. Furthermore, these roots of entrepreneurship were expanded by Begley and Boyd in psychosocial theories which explains that entrepreneurship is associated with such dimensions as 'locus of control', willing to take risks, tolerance for ambiguity etc.

In Gbagolo (2009) quoting Schumpeter (1934) reveals that innovation is a unique feature which separates entrepreneurs from managers and this is achieved by (1) developing new products or services, (2) developing new methods of productions, (3) identifying new markets, (4) discovering new sources of supply and (5) developing new forms of organization.

Information is need in the organization to stay focus and according to Beaulier et al (2008) both entrepreneurial and managerial information are crucial for a firm's survival and success. The allocation of this talent should be understood as a flow, rather than a stock. This is, at each point in time, firms face different internal needs. Sometimes, firms need to be "shaken up" and broken out of their old ways of doing things, other times, firms need to be stabilized by good managers.

As the life of a business evolves, there are convergent pressures between an entrepreneurial focus and a managerial focus. The owners of the firm must decide which focus or combination of focuses should be employed at each stage of development, and depending on the focus chosen, the firm will enjoy a steady stream of profits or suffer immediate economic losses.

When owners place a significant emphasis on entrepreneurial talent within a firm, they are choosing to forgo additional managerial talent. Likewise, the opportunity cost of a managerial focus within the firm is less of an entrepreneurial culture (Beaulier et al, 2008). The above statement can be likening to the word "too much of everything is bad". The table below highlights the separation in entrepreneur and manager because a qualify entrepreneur/manager must forgo managerial function and concentrate in entr4epreneurial management for the success of the business or conversely face business failure as earlier stated by Beaulier et al (2008). The table (page 9) is given by Katzenstein (2010).

Lastly, without the entrepreneurs that perceived an opportunity, assemble a team, locate resources for his/her business idea, raise the needed capital and start the business, the managers will have no business to manage.

Characteristics	**Entrepreneur**	**Manager**
Behavior characterized by	Desire for Control	Delegation of Authority
Management Style	One-Man Show	Management Team
Driving Force	Creativity – Innovation	Establish and Preserve the Status Quo.
		Strategic Planning
Organizational Growth	Rapid Reaction	Organized
Organization Structure	Informal, Flexible	Collect Information and seek advice
Decision Making	Initiative	
		In Commerical Terms
Definition of Aims	In terms of 'Vision	Measure of Success
Attitude of Money	A By-Product	Avoidance of Risks
Attitude to Risk	Calculated Risks	Management Culture
Organizational Culture	Entrepreneurial Culture	

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