

Entrepreneurship; Business Innovation and Enterprise Development

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ABSTRACT: Entrepreneurs are often confused with business owners. Entrepreneurs create new businesses through new ideas and create new business models. Entrepreneurs are innovators of the market. The theories behind finding the crucial element in entrepreneurship have been discussed, and we can say that the Misesian school of thought that postulates that the entrepreneur is defined by taking a risk and overcoming such risk. An entrepreneurial opportunity has to undergo the motivation assessment and the knowledge assessment to understand economic, personal and knowledge objectives can be met through the venture. Entrepreneurs make decisions based on incomplete information and. Therefore, there is a possibility of risk involved in all such decisions. The knowledge of the entrepreneur and heuristics developed through experience help the entrepreneur. While entrepreneurs are core domain experts, they have to be good managers to develop an organisation. Therefore, it is suggested that entrepreneurs adopt modern manpower approaches to engaging with employees and to ensure that the employees are trained and motivated to perform better.

KEYWORDS: Entrepreneur, Entrepreneurship, Enterprise, Venture, Knowledge.

1 ENTREPRENEURSHIP AND ENTERPRISE DEVELOPMENT: AN INTRODUCTION

Entrepreneurs identify business avenues where none exists in the market to create a new demand-supply chain or to create a new market (Knight, 2000). Therefore, an entrepreneur is not simply a new business entrant in the market, but the creator of wealth, jobs and opportunities in the market. He affects many factors, in the economy, society and the lives of many people. This also implies that every individual who starts a new business is not an entrepreneur, but merely a businessman.

The classical school of entrepreneurship developed in Austria argues that an entrepreneur is an identifier of opportunities, irrespective of the success of the venture or the profits (Kirzner, 1997). The Misesian school of thought calls the entrepreneur as a bearer of risk, and therefore a successful entrepreneur bears this risk successfully (Klein, 1999). Entrepreneurial activity is encouraged by the society and the government because it can generate new wealth, prosperity and fresh jobs, which directly results in the development as well as growth of the regional and national economy and contributes to social prosperity. Therefore, in the author's opinion, the defining factor in an entrepreneurial venture is how well risk is assessed and factored into the idea to result in maximum exploitation of an opportunity, under the existing constraints (Andersson, 2005; Sarasvathy et al. 1998). The element of taking risk in a sensible manner is a key ingredient in entrepreneurship.

An entrepreneurial venture is composed of two parts – risk taking and economic calculation (Klein, 1999). While the former sets the context for understanding the opportunity, the latter extrapolates the gains that can be derived from taking a risk (Klein, 1999). The personal motivation of the entrepreneur also plays a part in the setting the desire for exploiting an opportunity, as one entrepreneur may be focused towards a high profit, high investment option, another may be trying to start a social venture for the benefit of a community where the priority may be gain of the community gains and not personal

profits. Therefore, the entrepreneur has to put his idea through two assessments – the motivation assessment and knowledge assessment (Figure 1). While the former analyses whether the idea will be what was envisioned as an ideal investment, the latter analyses whether the individual has the right knowledge or the means to develop such knowledge to exploit the opportunity (McMullen & Dean, 2006). If the motivational desirability and the knowledge feasibility assessment of entrepreneurial venture are satisfactory, an entrepreneur may gain the first mover advantage as shown in Figure 1 below.

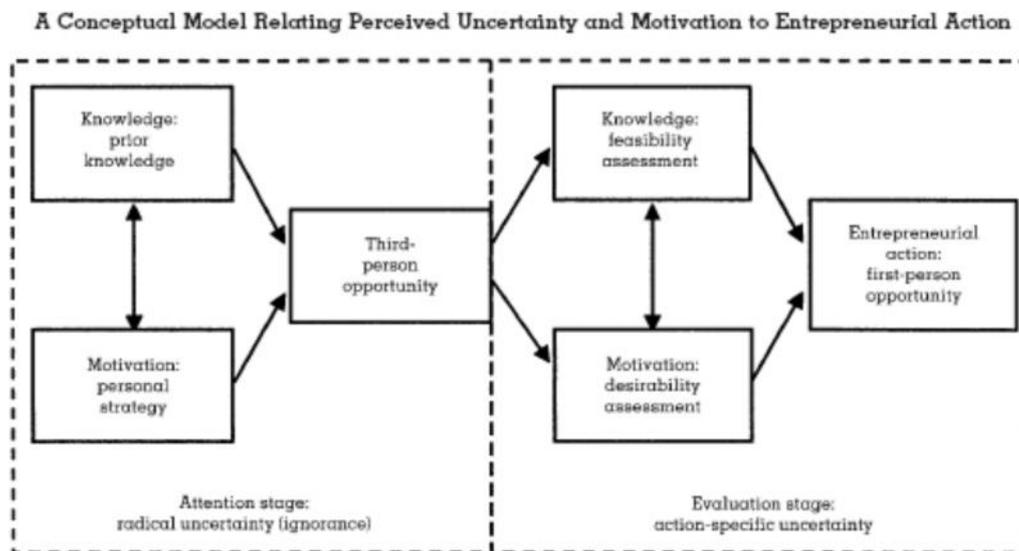


Figure 1 Source: McMullen & Dean, 2006

An entrepreneur has to make sound decisions, and many decisions may have to be made without complete information being available. We need to admit that an entrepreneurial venture is undertaken with considerable risk in the first place and at the beginning stages, there is considerable risk in every decision made; therefore, the entrepreneur has to make decisions that are as far as possible close to the optimal solution (Busenitz & Alvarez, 2001). The experience and knowledge of the entrepreneur play a vital role in ensuring that the decisions are oriented correctly. An entrepreneur has to be able to develop thumb rules or heuristics based on his experience and knowledge to arrive at decisions quickly. These heuristics help the entrepreneur arrive at the best optimal solutions. The capability of the entrepreneur to take risks and cover those risks with optimal decisions creates an effective and successful entrepreneurial business venture. It needs to be noted that the emphasis is on finding the optimal solution and not the right solution. Therefore, it is implied that the entrepreneur is still taking risk with an optimal solution too. The knowledge of the entrepreneur and the tools employed play a crucial role in the success of the venture. The right opportunity will be wasted through wrong decisions made with incomplete knowledge and the wrong tools.

2 ENTREPRENEURS: WHO ARE THEY?

Entrepreneurs are often innovators and inventors who have core domain knowledge in the business they are entering. While, they will form the technological nucleus of the venture for quite some time, the ability of the entrepreneur to manage the resources and manpower in his control are crucial. In other words, an entrepreneur has to build an organisation and its manpower to create a growing and successful business that is scalable, adaptive and vibrant. In this context, it needs to be noted that we live in a knowledge economy, where the resource, perhaps the most valuable resource, for any organisation lies in the cognitive capabilities of its employees (Foss, 2001; Gibb, 1997). Sometimes, it may seem that employees hold most of the knowledge that is needed as input for running a business. There is more bargaining power of employees now than ever before, and there is a breakdown in authority as we have known it in traditional business concerns (Foss, 2001). Managerial capability is equally important as technological superiority.

Large organisation engage with employees for leveraging their knowledge in the form of incentives, stock options, diverse exposure and engaged culture and promising career growth potential. These measures are intended to ensure that knowledge developed within the organisation remains with the organisation as much as possible. Entrepreneurs have to adopt a similar mindset, where they will have to reward employees with incentives and design innovative pay packages to ensure that the knowledge of the firm is not lost due to attrition (Foss, 2001).

Entrepreneurial ventures are often accused of being one-man shows, where the founders tend to drown out the talented employees and may not be able to provide stable and challenging work environment (Merrilees et al. 2011). How entrepreneurs apply their authority should change for positive organisational development through engagement and participative management. When an employee is trained and capable of doing the job, then it is pointless to monitor him. At this stage, regular checks on progress and behavioural monitoring are enough. Only when it is too costly to train an employee and if the entrepreneur has the knowledge should the entrepreneur engage himself with operational responsibilities (Foss, 2001).

3 CONCLUSION

While entrepreneurs are the risk takers and the domain experts when they start a business, there is anteed for entrepreneurs to attain managerial excellence for developing an organisation. Building an organisation takes more than just risk taking, and entrepreneurs need to plan for the growth of the organisation by wielding authority wisely and developing the human resources. He has to build competence through the employees. While the core competence may be the original idea by the entrepreneur, a continuous supply of innovative ideas and projects will be needed to sustain initial breakthroughs, and this will be possible only through motivated and committed employees.

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