

The simple analysis of entrepreneurship business essay



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Entrepreneurship has been concerned by academia for many years. Many scholars used different ways to analysis it, like economics and management methods. First of this paper are literature review about the meaning of entrepreneurship and entrepreneur, the entrepreneurial process, how to identifying business opportunities for entrepreneurs. Then there are some personal views about experience for entrepreneurship. Wonder only little entrepreneurs succeed among lots of businessman. Does failing experience of entrepreneurship have benefit for entrepreneurs?

Key Words: Entrepreneurship; Experience; Opportunity

Chapter One Literature Review

The whole literature divide into four parts: first, it's about the meaning of entrepreneurship; second part is some articles about the entrepreneur; third part tells us how to identifying business opportunities; the last part is the process of building a company for entrepreneurs.

The study of entrepreneurship mainly is focusing on entrepreneurial phenomena; entrepreneurship social and economic relation and the entrepreneurial social influence. For basis of entrepreneurial activity is not a random event, but a difficult social phenomenon, there are a lot of factors behind surface phenomena, the series of factors are interacting and restricting each other, that the reason why there are thousands different ways of business mode. Therefore, the research of entrepreneurship not only focus on economic way of entrepreneurship, but also focus on how to create business from the theories, try to explore entrepreneurship chain link between the factors and their influence on entrepreneurship model. Based

on the basis level of entrepreneurial research mainly focus on entrepreneurs, business opportunity and entrepreneurial process.

At first, entrepreneur came from French in the 12th century. In general, concept of entrepreneur was first written by Richard Cantillon of his book *Essay on the Nature of Commerce in General* in 1755. In the book, he what's the role of an entrepreneur during the development of economy. The means of entrepreneur and entrepreneurship has been a common issue for a long time. But entrepreneur became as a research in the field of subject until 1980s'.

The Meaning of Entrepreneur & Entrepreneurship

It's hard to make a common definition of entrepreneur and entrepreneurship; many scholars have different opinions about it. Entrepreneur is the main body of entrepreneurship, and entrepreneurship is the act of a man to be an entrepreneur, using innovation, finance and business way to set up company and earn economic profit (Shane & Venkataraman, 2000). [1]

Entrepreneurial process began with individual behavior, so entrepreneur is important part in the research in entrepreneurship, not only entrepreneur is the basis of entrepreneurship, but also plays a pioneering role for the whole process. Some scholars want to study out who will become entrepreneur, find out the common ground of succeed entrepreneur. And what's different between the entrepreneur and normal employer.

Zahra and Dess(2001) did not agree to distinguish entrepreneurship research and strategy management strictly, on the contrary, there are a lot

of opportunities to combine strategy management research and entrepreneurial research. [2]

In the other hand, during the development of society, more and more people are focusing on the questions of human capital, as entrepreneurs is the important part of entrepreneurship research, so in the further we can pay more attention to develop and utilize of human capital with entrepreneurship.

Identifying Business Opportunities

At first, the areas of Austrian Economics scholars are entrepreneurial alertness, opportunity, behavior and what's the relationship between the market process and entrepreneurship.

Then, Shane and Venkataraman and Zahra etc. are continuing do the research of this part, they have established a useful analysis methods of entrepreneurship, and given a wonderful framework of defining the entrepreneurship. [3]

Some scholars explored the causal relationship between the individual factors and opportunity to find entrepreneurship; they are focusing on the key factors of the individual level to find entrepreneurship opportunity, in order to identify what's the key factor of finding the opportunity of entrepreneurship, such as personal traits, previous knowledge and experience, social relations network etc.

The famous scholars Shane and Venkataraman (2000) made a previous knowledge as intermediate variable to examine to the influence of

opportunity identification and opportunities development; they pushed the entrepreneurship theory of opportunity to the forefront of empirical research.

Shane and Venkataraman have done important research about entrepreneurial, their views of identifying business opportunities influenced business theory and practice a lot. Shane and Venkataraman's entrepreneurial research conceptual framework explain entrepreneurial opportunities very well and most subsequent scholars study along their problems. The theory said that, the real business process starts with entrepreneurs discovering entrepreneurial opportunities.

Shane and Venkataraman (2000) think entrepreneurship research is 'consider the opportunity of who through what way they use to discover, evaluate, develop and create the future goods and service', and put forward three basic questions of the entrepreneurial research: first, why there are opportunities exist for creating goods and services, what's time for it, and how to make it; Second, why not all the people, only a little entrepreneurs discover and develop these opportunities, when and how they discover and develop these opportunities; Third, why entrepreneurs are using different business mode to develop the opportunity? And what the ways they are using?

Shane and Venkataraman believes, after equilibrium hypothesis conditions, entrepreneurial opportunities are not different to find between people in valuable, "Who will become entrepreneurs" just solely depends on the characteristics of the people, in fact, the people who are making companies are not same, they found that it is not easy to say the characteristics of the

people is only factor, except for environmental factors. As market equilibrium condition, Asymmetric information and incomplete knowledge made different people will make different decision about the entrepreneurial opportunities.

Shane and Venkataraman (2000) believes that entrepreneurial opportunities in the economies has two main development modes, one kind is build a new enterprise (or a new organization), and the other one is to sell opportunities to the existing enterprise (or market), then develop it.

The research shows that: in second mode, when the capital market is imperfections, individual entrepreneurs are difficult to have financial support, and seldom of can they choose entrepreneurship again. But when it's easy to entry a new area of industry, and the government cannot protect knowledge, inhibition of entrepreneurial opportunities exchange in business, when existing companies do not have economies of area, when the opportunity is not sure, without enough capital, in these circumstances, entrepreneurs are more likely to the creation of new firms.

Entrepreneurial opportunity identification and development research has been mainly field in the entrepreneurial research.

The entrepreneurial process

As many people agree with finding the opportunity for entrepreneurship is the beginning of entrepreneurial, then it's the steps of how to make companies.

Amar Bhide(1996) said there are three questions every entrepreneur should ask, and they are: What are my goals? Do I have the right strategy? Can I execute the strategy? [4]

In Amar Bhide's mind, framework consists of a three-step sequence of questions. The first step clarifies entrepreneurs' current goals, the second evaluates their strategies for attaining those goals, and the third helps them assess their capacity to execute their strategies.

The options that are appropriate for one entrepreneurial venture may be completely inappropriate for another. In this article, the author presents a framework and accompanying rules of thumb that will help entrepreneurs analyze the situations in which they find themselves, establish priorities among the opportunities and problems they face, and make rational decisions about the future. It helps entrepreneurs pose useful questions. The framework consists of a three-step sequence of questions. The first step clarifies entrepreneurs' current goals, the second evaluates their strategies for attaining those goals, and the third helps them assess their capacity to execute their strategies.

Saras Sarasvathy(2001) written in his paper ' Causation and Effectuation: Toward a theoretical shift from economic inevitability to entrepreneurial contingency', put forward effectuation theory, the theory explain the question of how to make a decision under the uncertain environment for entrepreneurs, enlarge the range of entrepreneurs' mind, and it also how entrepreneurs use effectuation theory overcome the difficult problem and succeed with their limited knowledge. The theory put forward from not long

time, but has influenced academic very much, and the study of it has change the traditional opinions, and become the important theory progress in the field.

Sarasvathy introduced the idea of the decision-making theory to the field of entrepreneurial management research; put forward the theory of effectuation theory when entrepreneurs deciding what to do facing the uncertainty condition. Follow that way, we can make the maximum success rate.

Chapter Two Private Opinion

— Failing Entrepreneurship Experience

After reading the articles, especially the part of identify entrepreneurship opportunities. Scott Shane said about prior knowledge and the discovery of entrepreneurial opportunities and many fact companies, not all the entrepreneurship would be succeed. I found that many entrepreneurs will fail at first entrepreneurship. Some of them will stop going on, others will continue, called serial entrepreneurship.

In my opinion, failing entrepreneurship experience can provide more experience and how identify more opportunity for entrepreneurs. It will have an important impact for entrepreneurs' following entrepreneurial intention.

At first entrepreneurship, many entrepreneurs failed for many reasons, just like lack of capital, lack of experience and do not what to do or how to do during the time after setting up.

As lacking of social experience, they need to care about all kinds of factors during the entrepreneurship time. The entrepreneurs are often too optimistic to do things, and not preparing well.

Pay much attention of entrepreneurs failure group, first business failure doesn't mean failure all the times, on the contrary, they continue to make a companies, the rate of they will be succeed than before.

Previous entrepreneurial experience is the best way to achieve entrepreneurial knowledge, especially those that cannot be learned by school. This kind of knowledge is not easy to study. It is often caught by doing practice under the particular environment.

During the entrepreneurship, if entrepreneurs not have personally experience, even the managers with many years training, might not be able to make the right judgment, and entrepreneurs in the subsequent activities often make judgment reference to. the previous experiences and lessons.

Chapter Three Conclusion

Through reading the literature, I knew the definition, history and how to analyze entrepreneurship. Entrepreneurship is still a very innovative and challenging field of research; many scholars have tried to find out the essence of entrepreneurship through entrepreneurship phenomenon.

Now entrepreneurship research, with the development and change of the world have had many new research topics, the area of its field become more and more various. So to know and consolidation the literature is very useful for our further study.