1: the entrepreneur

Finance

Entrepreneur Entrepreneur Economic Agents and Their Potential Motivations Economic agents from the definition point of view refer tothose individual or organization that controls the largest market share in terms of the amount of goods or services it supplies. Karl Icant is one of the leading economic agents in the market. Karl Icant purchased huge numbers of shares in the market that threatens to bring down its competitors. The market research shows that companies even paid him premiums as insurance when buying its shares (Ugur & Sunderland, 2011). Karl Icant further got the name raider because of its ability to threaten other competing firms who had to elimination from the market through the premium purchase. Among these companies, include VC investors that mainly traded on IPO shares. The second economic agent in the market is Samsung, Sony, and General Electronics that accepted to offer Nano-KB stock to trade with them.

Potential Motivations to Economic Agents

One of the motivations economic agents have is that they control the market such that all other small competing firms support its proposals. When Karl Icant postulated a representation on the annual meeting board to take care of poor shareholders interest, it received a significant support from a significant percentage of ownership. Companies such as Nano-KB-Technology, Inc that belonged to Caren who laughed at its proposal to sit on the board found themselves into a terrible trouble. The motivation, therefore, related to the ability to influence the market to support its policies and demands.

Risks Economic Agents Face

Economic agents encounter risks of varied nature, some of which threaten their survival or continuity into the market. Risks mainly occur due to exaggerated exposure; usually they come in the form of hidden liabilities. Among the risks that market agents face include mismanagement and misdirection by its top management. Karl Icant announced during the annual conference meeting that the firm had been mismanaged and misdirected. Another risk is the length of time companies take to come up with a significant innovation. The management of Karl Icant, for instance, laments that the company took over nine months to come up with only one innovation. Selling company when its objectives become difficult to achieve is another risk that faces economic agents. Management failure due to factors such as misappropriation of funds and inadequate management skills are some of the reasons that lead to the company sale.

Other economic agent risks include unfair competition that already established companies use in an attempt to eliminate or control the trade activities of infant firms. Karl Icant threatens its corporate victims by eliciting greenmail unto them. The victims pay premiums to Karl when purchasing its shares in an attempt to continue surviving in the market. Failure to pay premiums to Karl risked them opting out of the market.

Ways Mitigating Economic Agents' Risks

Economic agents risk mitigation comes in various ways such as loss prevention, risk financing, risk exposure avoidance and loss reduction (Seog, 2010). Exposure avoidance method is appropriate where the agent that creates risk has alternatives. The company therefore opts for exploiting options such as training employees and program that improve safety where management fails and hazards prevail respectively. Companies can as well source for funds elsewhere to fund their risks. Insurance companies not only provide alternative funding to firms that fall victims of risks but also help in spreading the risk. Prevention is the best because it does not expose firms to reconstruction measures. It is therefore advisable that firms avoid risks at the opportune time to avoid destruction and making major remedies after losses.

How the Economic Agents Partially Cover Their Exposure

Economic agents partially cover their exposure by trying to have the financial supremacy of the market. Karl uses this strategy when its corporate victims have to pay premiums in exchange of shares if they are to survive in the market. It consequently remains safe financially and in the competition environment. Some other methods include insurance companies to which firms pay premiums for cover up during incidents of loss.

References

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