

# [The promise of entrepreneurship as a field of research](https://assignbuster.com/the-promise-of-entrepreneurship-as-a-field-of-research/)

Literature Summary THE PROMISE OF ENTREPRENEURSHIP AS A FIELD OF RESEARCH 1. 0 Introduction To date, the phenomenon of entrepreneurship has lacked a conceptual framework. A research has been conducted in the difference social science disciplines and applied fields of business to create a conceptual framework for entrepreneurship. 2. 0 Definition of Entrepreneurship Entrepreneurship is defined solely by the researchers in terms of who the entrepreneur is and what he or she does. The study of entrepreneurship must involve two phenomena, the presence of lucrative opportunities and the presence of enterprising individuals.

In other words we can say that an entrepreneur is a person who establishes a new organization in the presence of lucrative opportunities. They are different from other members in society as they are willing to bear risks in creating new business and they prefer uncertainty. Therefore, the field involves the study of sources of opportunities, the processes of discovery, evaluation and exploitation of opportunities and the set of individuals, who discover, evaluate and exploit them. The number of people who engage in entrepreneurial behavior ranges from 20% of the population to over 50% of the population.

Entrepreneurship is not only including the creation of new organizations, but can also occur within an existing organization. 3. 0 Reasons to Study Entrepreneurship There are three reasons for studying entrepreneurship. Firstly, entrepreneurship is a mechanism by which society converts technical information into products and services. Secondly, entrepreneurship is a mechanism through which temporal and spatial inefficiencies in an economy are discovered and mitigated. Finally, of the different sources of change in capitalist society, innovation is driven in products and processes. Therefore, the absence of entrepreneurship in economy makes the business landscape incomplete. 4. 0 The Existence, Discovery, and Exploitation of Entrepreneurship Opportunities 4. 1 The Existence of Entrepreneurial Opportunities Entrepreneurial opportunities are situations in which new goods, services, raw materials and organizing methods can be introduced and sold at greater than their cost of production. The focus has been on opportunities in product markets and factor markets.

Factor markets mean discovery of new materials. Within product market entrepreneurship, there are three categories of opportunities: 1) the creation of new information, as occurs with the invention of new technologies. 2) The exploitation of market inefficiencies. 3) The reaction to shifts of alternative uses for resources. 4. 2 The Discovery of Entrepreneurial Opportunities Entrepreneurial opportunities are not always obvious to everyone all the time. An individual can earn profits only if he or she recognizes that the opportunity exists and has value.

There are two factors people will discover particular opportunities. Firstly are information corridors. An entrepreneur has to have prior and new information to exploit profitable opportunities. This information might be about user needs or specific aspects of the production function. The development of internet is a good example providing information needed. Second factor is cognitive properties. A successful entrepreneur is able to combine existing concepts and information into new ideas. They are willing to take risks and less likely to engage in counterfactual thinking. . 3 The Decision to Exploit Entrepreneurial Opportunities The characteristics of opportunities themselves influence the willingness of people to exploit them, for example, its expected value. The decision is influenced by individual differences. The probability of opportunity exploitation depends on individual’s financial capital ability, transferability of information, prior entrepreneurial experience and differences in the willingness to bear with risk, individual optimism, and ambiguity. . 0 Conclusion Entrepreneurship is an important and relevant field study. Therefore, entrepreneurship research is necessary to built a framework to help researchers recognize the relationship among the multitude of necessary, factors that compose entrepreneurship and to advance the quality of empirical and theoretical work in the field. Source: The Academy of Management Review, Vol. 25, No. 1(Jan. , 2000), pp. 217-226