

Entrepreneurship

Business



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5 December Article Summary In this research, the unveils the restricting assumptions embedded in the perceptions of risk and rationality as evident in the research pertinent to the management and entrepreneurship. The introductory portion of the research conducts a literature review to find the historic link between risk and rationality. After a thorough review of the history, the author takes the research to a further level by studying this link in context of the entrepreneurship. The author refers to the former research in this subject carried out by Sarasvathy et al. (2003), Buchanan and Vanberg (1991), and Littlechild (1986) to conduct an in-depth study of three of the most fundamental processes of entrepreneurship namely the creation, recognition and the discovery of the opportunity. For the recognition of opportunity, an entrepreneur should know the nature of the situation at hand whereas the distinction between opportunity creation and discovery activates the entrepreneur's ontological curiosity to question the existence of opportunity. Differentiating between the three distinct forms of the processes of entrepreneurship helps understanding the context i. e. opportunity recognition for the application of the typical understanding of risk and rationality. The author finds that several unexplored dimensions of the link between risk and rationality are reflected in the selected process of entrepreneurship, each of which is a potential area for conducting further research. Knight (1921) calls this true uncertainty. The author comments upon numerous aspects of the claims made by Knight (1921). The use of probability theory for framing the risky decisions precedes the precursors of Knight's claims. Knight's emphasis upon the link between rationality and decisions to maximize the results of the statistical probability is consistent with the thinking that cultivated in the age of the Enlightenment of Europe.

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The author finds that the conventional perspectives of the risk and rationality are based on a lot of restrictive assumptions that contrasts with the exploratory nature of the innovative processes. In the latter part of the research the author identifies the insinuations of the process-contingent trait of the risk and rationality. The author asserts that entrepreneurs frequently switch among different rationalities rather than sticking to a particular kind of rationality. Entrepreneurs display various rationalities contrary to the conventional understanding of the risk and rationality as the supporting factors of the rule-based decision making. Owing to the limited specification of the context of opportunity creation, entrepreneurs use their sense of identity to commence their action. There is a lot of subjectivity in the relative frequencies estimated from the empirical data since there is no means to match the observed probabilities with the true probabilities. In the concluding section, the author encourages the broadening of study from the decision making in the entrepreneurship to its practices. Risk and rationality also need to be studied with respect to the actions of entrepreneurs in addition to their perceptions and the decision making skills. Overall, this research emphasizes upon the need to expand the research up to the pluralist conceptualization of the risk and rationality beyond its conventional modernist conceptualization.

Works Cited:

Miller, Kent D. “ Risk and rationality in entrepreneurial processes.” Strategic Entrepreneurship Journal. Vol. 1. (2007): 57-74. DOI: 10. 1002/sej.