A NEW THEORETICAL PERSPECTIVE OF ENTREPRENEURSHIP

Teck Ting Lim¹, Yin Fah Foo²

¹ Sunway University Business School (MALAYSIA)
² Institute for Social Entrepreneurship at Sunway University Business School (MALAYSIA)

Abstract

The fragmented and disconnected characteristics of entrepreneurship theory reflected in the extant literature had been identified as lack of a singular view of entrepreneurship as a concept. There are three common factors contributed to the fragmentation and disconnection of entrepreneurship theory, first factor being identified is concerning the adoption of own approach of theorising the entrepreneurship, second factor that causes fragmentation and disconnection of entrepreneurship theory could be lack of connections between different disciplines imported for theorizing entrepreneurship and third factor is lack of a common domain for entrepreneurship research.

Therefore, this paper seeks to address the fragmented and disconnected characteristics of entrepreneurship theory by searching the intrinsic values and composition of a singular view of entrepreneurship as a body of conceptualised knowledge. These values had been identified through reviewing theories and models of entrepreneurship in the literature. It theorised entrepreneurship as a system of discipline-neutral knowledge composes of opportunity for value creation, resources accessibility and institutional change. By applying the theories of dynamic choice and team reasoning.

Meanwhile, this paper also extended the dimensions of entrepreneur posits in the Timmon’s model of entrepreneurial process to include team entrepreneurship. Thereby, Timmon’s model of entrepreneurial process has been amended to accommodate both team and individual entrepreneurship.

However, the limitation of this study is scoped by the theoretical framework it uses. The outcomes could be arose from the issue of generalizing the study outcomes, because the new theoretical perspective of entrepreneurship was developed through reviewing a handful of theories and models of entrepreneurship only. Thus, it may be not suitable to accommodate other entrepreneurial endeavors.

Thus, we suggest that as a way to generalise the new theoretical perspective of entrepreneurship, the intrinsic values of a singular view of entrepreneurship as a body of conceptualised knowledge should be further explored. The future study may find it useful to examine the basic elements of entrepreneurial process beyond Timmon’s model of entrepreneurial process.

Keywords: Entrepreneurship, intrinsic value, dynamic choice, institutional change.

1 INTRODUCTION

The fragmented and disconnected characteristics of entrepreneurship theory reflected in the extant literature had been identified as lack of a singular view of entrepreneurship as a concept [2]. Attempt to study the “wholeness” of entrepreneurship were done through fairly old theoretical frameworks imported from mainstream disciplines [5]. The works reported by Anderson, Dodd and Jack [1] highlighted that there are three common factors contributed to the fragmentation and disconnection of entrepreneurship theory. The first factor being identified is concerning the adoption of own approach of theorising the entrepreneurship. Some of the examples are Schumpeter’s theory of creative destruction which adopts economics and sociological perspectives [10] while McClelland [4] and Collins, Moore and Umwalla [13] used psychological and sociological approaches of theorising entrepreneurship [8] and Harper [3] adopted the social-economic perspective as the approach to theorise his institutional neutral theory of entrepreneurship.

The second factor that causes fragmentation and disconnection of entrepreneurship theory could be lack of connections between different disciplines imported for theorizing entrepreneurship. According to Anderson, Dodd and Jack [1], each discipline imported for theorizing entrepreneurship is mutually exclusive and relatively unaffected by the perspectives of other disciplines. This phenomenon is unhelpful in understanding theory development of entrepreneurship ([1],[8]). Finally, lack of a common domain for entrepreneurship research [16] has been identified as the last factor contributing to fragmentation and disconnection of entrepreneurship theory.
Based on the study of Shane and Venkataraman [16], three approaches of entrepreneurship research had been identified. Research adopting the domain approach recognises entrepreneurship as a domain of its own. Research using the integrative approach proposes integration of entrepreneurship with other disciplines as the domain of entrepreneurship study and the last approach to entrepreneurship research insists that no comprehensive entrepreneurship theory exists in extant literatures [5]. Incidentally, Heisenberg’s Uncertainty Principle [1] could be applied to explain the fragmented and disconnected characteristics of entrepreneurship theory. According to the principle, under the uncertain conditions of entrepreneurship, two situations pertaining to its research should arise. The ontological research focuses on studying elements that exist in entrepreneurship and the epistemological research exemplifies the understanding of processes that lead to the entrepreneurial outcomes.

The ontological perspective attempts to develop a strong “knowledge-based” [5] by relating new research to earlier knowledge within the field as a way for successful entrepreneurship research in the future. This discipline of research believes that the approach of borrowing concepts and theories from mainstream disciplines such as economics, psychology and sociology for entrepreneurial research helps to create a field for developing entrepreneurial concepts and theories of its own. However, it failed to address those empirically identified heterogeneous entrepreneurial characters therefore further ramify the understanding of entrepreneurship practice and caused more fragmentation and disconnection in theories and definitions pertaining to the “wholeness” entrepreneurship [1]. Besides that, this category of entrepreneurship research also failed to identify the intrinsic values and composition of entrepreneurship and unable to define a common domain to entrepreneurship research.

On the other hand, the epistemological research of entrepreneurship helps to explain how we can know the theory of the entrepreneurial knowledge being addressed. This category of entrepreneurial research argues that entrepreneurship means different things to different people. The Complex Adaptive System developed by Anderson, Dodd and Jack [1] could be viewed as an epistemological model of entrepreneurship. The model perceives entrepreneurship as a social construct capable of accommodating the different views of entrepreneurship through different discipline. The core concept of Complex Adaptive System stresses on interactions between elements of the system that will create novel, unpredictable patterns. However, when these elements are isolated in different places, each of these individual elements does not show the casual mechanism as they were in the system ([1], [17]). Similar to ontological perspective, epistemological research is unable to identify the atomic composition of entrepreneurship and failed to define a common domain for its research.

Based on the above discussion, a paradigm shift ([1],[18]) on perceiving, understanding and interpreting the wholeness of entrepreneurship from traditional exogenous approach to endogenous explanation [1] is imperative. Traditionally, exogenous approach of viewing wholeness of entrepreneurship includes importing and adaptation of concepts and theories from mainstream such as; ‘Knowledge-based’ approach proposed by Landstrom, Harirchi, and Astrom [5] and the Complex Adaptive System of Anderson, Dodd and Jack [1]. Research works on entrepreneurship study adopting the exogenous approach had its own unique way of defining the meaning of entrepreneurship as a concept [2] thus ramified the understanding of entrepreneurship practice and caused a further fragmentation and disconnection in theories and definitions pertaining to the “wholeness” of entrepreneurship [1]. On the other hand, endogenous explanation [1] on wholeness of entrepreneurship involved the identification of the intrinsic values and composition of a singular view of entrepreneurship as a concept [2]. This approach of viewing entrepreneurship as a body of conceptualised knowledge capable of explaining how things change and how this change is manifested [1].

Possibly, the above argument could be viewed as the foundation for formulating a singular view of entrepreneurship as a body of contextualised knowledge for addressing the fragmented and disconnected characteristics of entrepreneurship theory. Despite that, the scope of entrepreneurship had been broaden from its initial economic and psychological perspectives to include sociological and team management perspectives, from a single dimension of buying and selling ([8],[15]) to the multi dimensions of opportunity pursuance, creative destruction resources accessibility and institutional change [3]. However, the intrinsic values and composition of a singular view of entrepreneurship remains unexplored.
2 EXPLORING THE INTRINSIC VALUES AND COMPOSITION OF A SINGULAR VIEW OF ENTREPRENEURSHIP

This section of literature review attempts to search the intrinsic values and composition of a singular view of entrepreneurship as a body of conceptualised knowledge. These intrinsic values and composition generated are used for developing a new theoretical perspective of entrepreneurial process. The search begins with critically reviewing Timmons model of entrepreneurial process [10]. There are two reasons for selecting Timmons model as the fundamental background for searching the intrinsic values and composition of a singular view of entrepreneurship as a body of conceptualised knowledge. The first reason is the extensive support of extant literature on including the opportunity-resources-team framework in most perspectives of their entrepreneurial processes. This model had been cited for more than 3241 times since 1977 through the publication, The New Venture Creation [10]. The second reason is its holistic and integrated structure driven by the concept of fit and balance. The holistic and integrated nature in structure makes the model capable of connecting and maintaining the three basic entrepreneurial elements in a state of fit and balance. The justification for this reason is discussed further in the following paragraphs.

Basically, the Timmons [10] model of entrepreneurial process comprises three entrepreneurial elements. These three entrepreneurial elements are opportunity pursuant, resources marshalling and team development. Together they form the driving forces of the model. The entrepreneurial process starts with opportunity pursuant to the parsimonious use of resources and ends with team development. The entrepreneur is responsible to evaluate the opportunity, marshalling the resources for capturing the opportunity and developing team to exploit the opportunity. As depicted in the model, the required resources and capacity of teams to be developed are determined by the size, shape and depth of the opportunity to be pursued. In this sense, opportunity pursuant reflects an entrepreneurial response to the market disequilibrium being identified [10].

The market disequilibrium could be reflected as an emerging pattern of customers’ trends and behaviours in seeking for new products and services. The resources required for meeting the size, shape and depth of the opportunity could be marshalled through creation of new resources or parsimonious use of the resources currently available. Some of these resources are financial resources, assets, people and business plan [10]. The model posits team as a key ingredient for high-potential venture. Thus, one of the important roles of the entrepreneur could be team development which encompasses team building, rewarding the success, set high performance goals for the team, support honest failures and ensure fairness in wealth distribution for all the team members [10].

The mechanisms that underpin the fit and balance concept of Timmons’ model help to maintain an equilibrium state amongst opportunity pursuant, resources marshalling and team development. It could be seen as a constant entrepreneurial action that demands the entrepreneur to continue to assess, revise the strategies and tactics and implement experimental approach for balancing the gaps among these three driving forces of the model [10]. The three dotted lines in Timmons’ model indicate that the three driving forces will never be connected perfectly and create impenetrable barriers to exogenous market forces. Despite uncertainty and ambiguity caused by these exogenous forces, entrepreneurs have to take actions to move the entrepreneurial venture forward and maintain an equilibrium state of fit and balance between and amongst these three primary driving forces through influences of entrepreneurial leadership, creativity and communication.

The entrepreneurial leadership inspires the team to pursue the opportunity through parsimonious use of the resources. While opportunity gaps are being identified, the entrepreneur has to fill the resources gaps and build teams to maintain a fit and balance entrepreneurial state amongst the three driving forces. This process of maintaining a state of fit and balance amongst opportunity pursuant, resources marshalling and team development could be seen as a never ending entrepreneurial behaviour that maximises entrepreneurial growth and helps to build a sustainable entrepreneurial venture. The influences of creativity on the entrepreneurial team are reflected in ideas being shaped into opportunities and opportunities into value creation. These new ideas and concepts influence the entrepreneurial team in two aspects. Besides convincing the entrepreneurial teams about the values that can be created through these innovative concepts, it also inspires the teams to parsimoniously marshalling the resources required for exploiting the opportunity [10]. On the other hand, communicating the value-creation nature of the opportunity to the team had been argued as the key activity for tightening the relationship represents by the three dotted lines. Besides that it also facilitates the flow of entrepreneurial information within the teams and enable the entrepreneur to govern the various functions of the team [10].
Having dissected Timmon’s model of entrepreneurial process, the search on intrinsic values and composition of a singular view of entrepreneurship continue with the works of Cantillon ([8],[15]). Cantillon [15] coined the word ‘entrepreneur’ and subsequently defined entrepreneurship as a risk bearing process of buying at certain prices and selling at uncertain prices ([5],[8]). Semantically, this definition of entrepreneurship reflects the principle of market economy in the form of opportunity discovery and profit-seeking through buying and selling in a market situation of uncertainty. The opportunity discovery is reflected in the ‘action of buying’ that involved resources utilisation while the market uncertainty can be understood through the ‘risk bearing process’ and ‘uncertain selling prices’. In other words, Cantillon [15] defined entrepreneurship as an economic transaction framework composing of entrepreneurial opportunity discovery, resources utilisation with the entrepreneur as the actor.

Within the context of taxonomy of entrepreneurial team [3], the individual entrepreneur can be viewed as a one-person group that make up of only himself. Harper [3] argued that by extending the theories of dynamic choice and team reasoning, the one-person entrepreneurial group can be portrayed as an entrepreneur and a team of distinct transient agents [3]. He further argued that each transient agents of the individual entrepreneur exists when the entrepreneur acts on the sequential decisions made within a period of different time. These transient agents are the representations of the same individual entrepreneur and they can be conceived as the members of the transient team. Building on the above discussion, the theory of entrepreneurship proposed by Cantillon [15] can be presented as a framework of entrepreneurial process composing of entrepreneurial opportunity discovery, resources utilisation and a team of transient agents managed by the entrepreneur.

On the other hand, Schumpeter’s [10] creative destruction theory of entrepreneurship highlighted that the entrepreneur is the driving force for innovation which eventually lead to a higher degree of economic growth [2]. Similar to Cantillon’s [15] notion of entrepreneurship [6], Schumpeter’s definition outlines the principle of market economy through the process of taking innovation as the actor for opportunity discovery created in the form of market disequilibrium. The basic values of this theory of entrepreneurship are the process of entrepreneurial opportunity creation through innovation [5] and the process of ‘destruction’ as the resource for the entrepreneur to make the innovation possible. Within the context of viewing the lonely entrepreneur as an individual entrepreneur and a team of transient agent [3], the creative destruction theory of Schumpeter [10] can be argued as comprising entrepreneurial opportunity discovery through creation, resources utilisation through ‘destruction’ and a team of transient agents led by the entrepreneur [10].

Conversely, McClelland [4] and Collins, Moore and Umwwalla [13] were more concerned about the psychological and sociological aspects of entrepreneurship [8]. They conceptualised entrepreneurship as psychological characteristics of the individual. The essence of their approach of entrepreneurship is a function of the individual’s traits and behaviours and those social norms and values related to the ‘need’ for personal achievement. The core of their concept of entrepreneurship is the attribution of economic growth to the entrepreneur’s need for achievement and the desire for independence. Thus, the intrinsic values of this approach of entrepreneurship could be argued as the process of attaining personal achievement through the attribution of economic growth. It can be further argued that the related entrepreneurial opportunity of this view of entrepreneurship appears in the form of economic growth and the individual entrepreneur uses his personal traits and behaviours as the resource to achieve his personal goal.

The search continues with the works of Stevenson, Roberts and Grousbeck [9] where entrepreneurship has been defined as a process by which individuals, either on their own or inside organisations, pursue opportunities without regard to the resources they currently control [8]. The three key components of this theory of entrepreneurship are opportunity, resources and individual who exist either on their own or inside the organisation. Apparently, the opportunity-resources-team framework of Timmons model seems unable to accommodate the scope of individual defined by this notion of entrepreneurship. However, this shortcoming can be addressed by portraying the entrepreneur as an individual entrepreneur and a team of distinct transient agents through extension of the theories of dynamic choice and team reasoning [3].

This implies that addressing the dimension of individual as part of an organisation is beyond the scope of team described in the opportunity-resources-team framework of Timmons model. According to Dimaggio [14], both individual and team can be considered as the domains of an institution [12]. Base on this consideration, the framework of Timmons model; opportunity-resources-team, is proposed to improve as opportunity-resources-institution and the perception of entrepreneur as an individual is also extended to include team entrepreneurship. By doing so, the entrepreneurial scopes of Timmons
model can be extended to include a wider perspective of entrepreneurship endeavours that include individual and team.

Finally, Harper’s [3] institutional neutral view of entrepreneurship as a profit seeking, problem solving process that takes place under condition of structural uncertainty is used to justify the theoretical construct of the amended framework of Timmons model. Harper’s notion of entrepreneurship reflects the adaptation of sociology and economic perspectives. In the sociology perspective, an institutional neutral notion of entrepreneurship does not presuppose a particular social entity for bringing entrepreneurial endeavour to fruition. These social entities cover individuals and teams and entrepreneurship means different things to different people of these entities. On the economic perspective, the problems to be solved and the types of profits to be sought are also varying across the different types of entities. In other words, the concept of institutional neutral view of entrepreneurship does not presuppose a particular profit to be sought or a typical problem to be solved. In this context, profit seeking can be viewed as the result of economic outcomes of shaping opportunity into value creation and problem solving process can be seen as an action of resources usage for pursuing opportunity discovered. Hence, it can be argued that Harper’s notion of entrepreneurship supports the amended framework; opportunity-resources-institution of Timmons model [3].

3 THE NEW THEORETICAL PERSPECTIVE OF ENTREPRENEURSHIP

The above endogenous explanation in one way or another identified the intrinsic values and composition of a singular view of entrepreneurship as a body of conceptualised knowledge as opportunity, resources and institution. Semantically, all the three elements are disciplinary and institution neutral and together they should contribute to the establishment of a consistent content of entrepreneurship as a concept. This body of conceptualised knowledge is capable of explaining the buying and selling process, the creative destruction order, resources accessibility movement and institution change pattern.

In other words, entrepreneurship can be theorised as a system of knowledge for value creation, resources accessibility and institutional change. By recognizing the wholeness of entrepreneurship as a system of knowledge, it singularised the functionality of entrepreneurial process as value creation, resources accessibility and institutional change. This framework of entrepreneurial process is developed through improving Timmons model of entrepreneurial process. Logically, nested entrepreneurial process can also be viewed as the process of value creation, resources accessibility and institutional change through collaboration efforts of the lead and sub entrepreneurs.

4 CONTRIBUTIONS OF STUDY

On the academic dimension, this article contributes to the body of entrepreneurial knowledge by shifting the traditional exogenous paradigm of viewing entrepreneurship to endogenous explanation [1] of entrepreneurship as a body of discipline-neutral knowledge. It identified the intrinsic values and composition of a singular view of entrepreneurship. This singular view of entrepreneurship created a new theoretical perspective of theorizing entrepreneurship as a system of discipline-neutral knowledge for value creation, resources accessibility and institutional change. Specifically, the new theoretical perspective of entrepreneurship has made the following possible.

i. It provides a clear distinction between the difference of entrepreneurship and entrepreneurial process,

ii. Useful for addressing the growing fragmentation and disconnection characteristics of entrepreneurship theory and entrepreneurial process and,

iii. Extended the perspective of entrepreneurial process to cover individual, team and organisation thus, create a framework for studying team entrepreneurship.

In summary, this article extended the dimensions of entrepreneur posits in the Timmon’s model of entrepreneurial process to include team entrepreneurship. Thereby, Timmon’s model of entrepreneurial process has been amended to accommodate both team and individual entrepreneurship. Follows that a discipline-neutral entrepreneurial process framework capable of accommodating both team and individual entrepreneurship is being created.
5 LIMITATIONS OF STUDY

A study is scoped by the theoretical framework it uses. Hence, Timmons’s model of entrepreneurial process underpinning limitations on the dimension of the intrinsic values of entrepreneurship to the three basic entrepreneurial elements only. While the extended Timmons’s model of entrepreneurial process capable of connecting and maintaining the three basic entrepreneurial elements in a state of fit and balance and covers both individual and team entrepreneurship, the inherent limitations of the framework remains. The other limitation of this article could be arose from the issue of generalizing the study outcomes. The new theoretical perspective of entrepreneurship was developed through reviewing a handful of theories and models of entrepreneurship only. Thus, it may be not suitable to accommodate other entrepreneurial endeavors.

6 CONCLUSION AND FUTURE STUDY

The intrinsic values and composition of a singular view of entrepreneurship as a body of conceptualised knowledge had been identified as value creation, resources accessibility and institutional change. This three co-evolve driving force were derived through reviewing theories and models of entrepreneurship in the literature. Follows that, it theorised entrepreneurship as a system of discipline-neutral knowledge composes of opportunity for value creation, resources accessibility and institutional change. By discipline-neutral this theory of entrepreneurship does not presuppose a particular discipline in interpreting an entrepreneurial phenomenon.

Thus, a discipline-neutral entrepreneurial process recognises the wholeness of entrepreneurship as a system of knowledge capable of addressing the growing fragmentation and disconnection characteristics of entrepreneurship theory has been developed. This discipline-neutral entrepreneurial process could also be defined as a process of order breaking and order creating between and amongst the three co-evolve driving forces for maintaining a fit and balance entrepreneurial state. By applying the theories of dynamic choice and team reasoning [3], this article extended the dimensions of entrepreneur posits in the Timmon’s model of entrepreneurial process to include team entrepreneurship. In other words, Timmon’s model of entrepreneurial process has been amended to accommodate both team and individual entrepreneurship. Thus, this article lays the foundation for exploring the feasibility of formulating an ‘ends-means’ framework [3] for the entrepreneurial process. The exploration process should involve understanding the composition of the ends-means framework and delineating those supportive social-economic structures ([3],[7],[11]) that operationalised the entrepreneurial process.

In summary, as a way to generalise the new theoretical perspective of entrepreneurship, the intrinsic values of a singular view of entrepreneurship as a body of conceptualised knowledge should be further explored. Thus, future study may find it useful to examine the basic elements of entrepreneurial process beyond Timmon’s model of entrepreneurial process. Equally interesting could be examine the implications of this new theoretical perspective of entrepreneurship on the real entrepreneurial practice. In doing so, it commences the conception of literature-driven to practical view of entrepreneurship as a body of a singularised conceptualised knowledge.

ACKNOWLEDGEMENTS

First of all, I would like to extend my heartiest appreciation to my supervisor, Associate Professor Dr Foo, who has coached and trained me to become a more competent researcher and constantly supports and monitoring my work progress throughout the journey. I valued his assistance empathy and guidance that motivate me to overcome all the difficulties and obstacles encountered in preparing this article. This article is part of my PHD thesis.

REFERENCES


