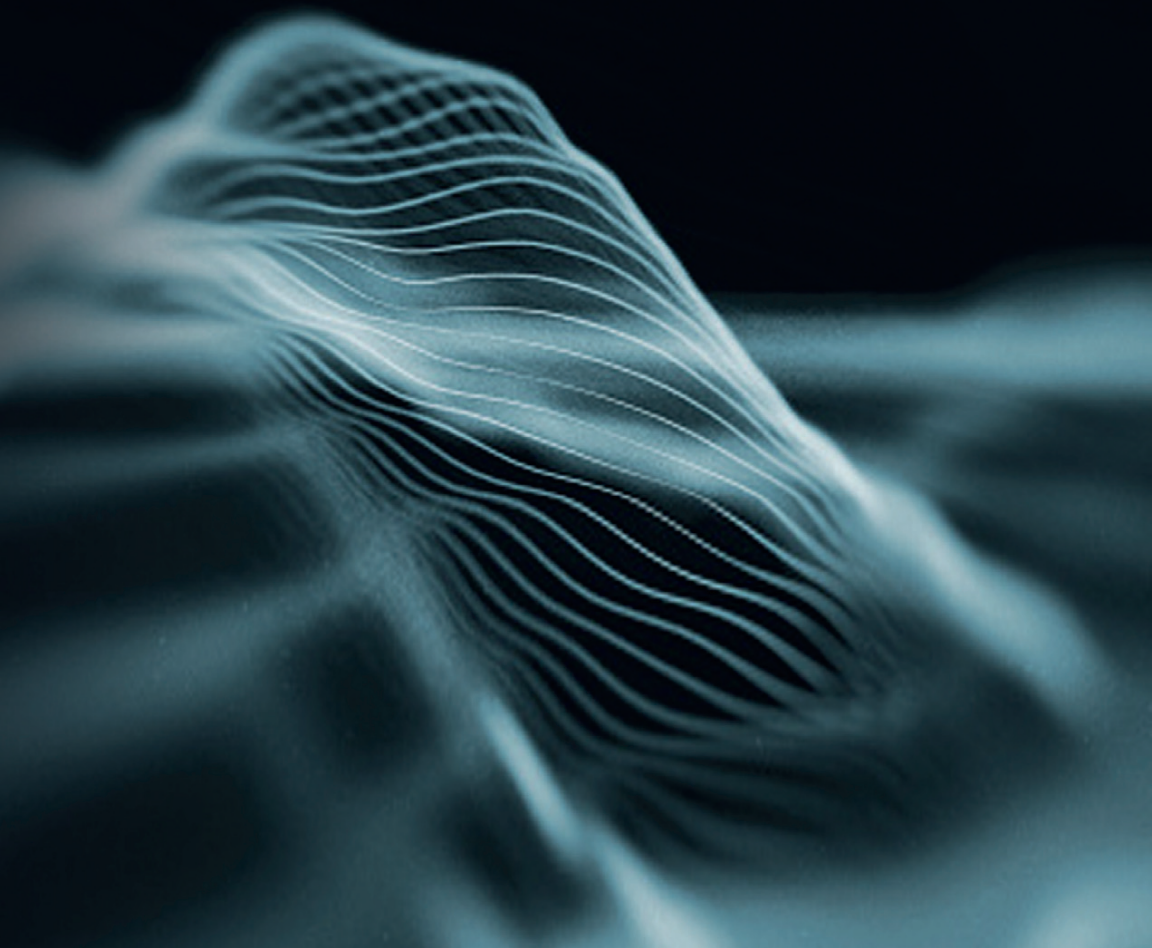


Entrepreneurial **Opportunities**

Economics and Sustainability
for Future Growth

Edited by

Vanessa Ratten



Entrepreneurial Opportunities

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Entrepreneurial Opportunities: Economics and Sustainability for Future Growth

EDITED BY

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La Trobe University, Australia



United Kingdom – North America – Japan – India – Malaysia – China

Emerald Publishing Limited
Howard House, Wagon Lane, Bingley BD16 1WA, UK

First edition 2020

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British Library Cataloguing in Publication Data

A catalogue record for this book is available from the British Library

ISBN: 978-1-83909-286-2 (Print)

ISBN: 978-1-83909-285-5 (Online)

ISBN: 978-1-83909-287-9 (Epub)



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Acknowledgments

As editor of this book on entrepreneurial opportunities, I am very grateful to colleagues who helped review the chapters and provided suggestions. Due to the large number of colleagues involved in this process and the anonymity of the review process they cannot be identified but I thank them for their help and service. I also thank the chapter authors for their perseverance and response to the idea about doing a book focusing on entrepreneurial opportunities. The chapter authors of this book through their collective help made this book a reality.

I also wish to acknowledge the support of my family, Kaye, David, Stuart, Hamish, and Sakura Ratten. In particular, I thank my mum Kaye for her entrepreneurial spirit. When she was 21 years old she owned her first business, a hairdressing salon in Brunswick Street, Brunswick, Melbourne. After living in Brisbane and Pittsburgh, we returned to Melbourne and it was nice to see the area where my mum had her first business. It is amazing to think about what my mum achieved at such a young age and her other business ventures throughout her life. It was my mum who first spurred my interest in entrepreneurship and especially the role of entrepreneurs in society.

Vanessa Ratten

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Chapter 1

Entrepreneurial Opportunities: Economics and Sustainability for Future Growth

Vanessa Ratten and Petrus Usmanij

1.1 Introduction

The meaning of entrepreneurship is well understood in society despite its various meanings due to its continued practical usage. Entrepreneurship in a broad sense means the establishment of a new business (Jones, Klapper, Ratten, & Fayolle, 2018). There are many different types of entrepreneurship in society including community, environmental, family, social, sport, and technological, which impact business activity. Gartner (1990) suggested three common features of all entrepreneurs: (1) they create a new business, (2) they are involved in new venture development, and (3) they focus on adding value. These features distinguish an entrepreneur from a manager and highlight the importance of taking a futuristic approach to business decisions.

In the modern economy, entrepreneurship is valued as individuals need to be more creative with their careers (Coelho, Marques, Loureiro, & Ratten, 2018). This is evident with different kinds of careers emerging such as freelancing, gig work, and portfolio jobs (Higgins, Galloway, Jones, & McGowan, 2018). In addition, the landscape facing entrepreneurs is changing with digital disruptions occurring on a more frequent basis. This has led to startups playing a key role in the development and commercialization of ideas. As a result, there is a need for entrepreneurs to be more dynamic and flexible in terms of how they approach business (Santos, Marques, & Ratten, 2019). The purpose of entrepreneurs finding an opportunity in the marketplace is to develop value through a business venture. This means providing value creation that has a dynamic nature. In order to facilitate the creation of entrepreneurial opportunities there needs to be both formal and informal knowledge transfer among individuals in society.

There is confusion about whether entrepreneurship is a positive or negative thing but there has been a tendency to view it in a more positive manner. This is due to entrepreneurs developing new businesses that provide innovative products and services (Ratten, Costa, & Bogers, 2019). The discrepancy in evaluating entrepreneurship comes from the difficulty in having a common definition of the word. As Higgins et al. (2018, p. 355) states “words such as ‘entrepreneur’ and

‘entrepreneurship’ have now garnered a wide variety of overlapping and contradictory meanings.” An entrepreneur typically starts a new business but there is also an acknowledgment that entrepreneurs can exist within organizations. This means the process of being an entrepreneur needs to be considered in light of the activity they are involved in. For some, entrepreneurship is a way of life but for others it needs to be learned (Ratten, 2019). This is where recognizing an opportunity distinguishes the entrepreneurs from the nonentrepreneurs in society and impacts their performance.

There are three main categories of entrepreneurial performance: individual, organization, and process. At the individual level, it involves focusing on the personality traits that influence interaction with others in the marketplace. Some individuals are naturally charismatic and able to lead by example thereby providing transformational market change. An individual’s education may also influence the type and location of a business venture. There has been a stereotype of entrepreneurs being young with less experience but a high level of knowledge about emerging trends. This means an individual’s human and social capital needs to be utilized in a way that contributes to the growth of a business venture. There are other general personality traits associated with entrepreneurship, which include determination and tenacity.

Although much research exists on opportunity recognition, we still lack a full understanding about how to integrate an economics and sustainability component. Organizations are trying to be more entrepreneurial in the way they recognize opportunities due to the impact these decisions can have on performance. In addition, picking the right opportunity can make a large difference in the success of an organization and its competence in the marketplace. Due to emerging technologies entering the market, it can be hard to foresee future trends. This means having an innovative mindset can enable organizations to manage their risks.

It is a complex process recognizing opportunities due to the difficulty in managing resources to fund these initiatives. Organizations need to invest simultaneously in multiple opportunities in order to have a better chance of succeeding. However, being involved in too many projects can have a detrimental effect on an organization. For this reason, there needs to be an appropriate balance in activities in order to foster the building of entrepreneurial competences. Thus, there is an urge for organizations to find suitable resources and to explore suitable opportunities. This chapter will discuss how organizations can utilize entrepreneurial opportunities in order to solve management challenges.

1.2 Recognition of Opportunities

The recognition of viable opportunities is at the heart of entrepreneurship and individuals that see opportunities before others are referred to as entrepreneurs. This unique group of individuals has the ability to transform society and make a profound impact on the quality of life for many citizens. Opportunities can come in a variety of shapes and sizes reflecting their diverse nature. This means some

opportunities will be easier to change from idea to business venture depending on the level of time and financial resources required. Timing is an important consideration for entrepreneurs wanting to act on an opportunity in a fast manner. Serendipity or by-chance encounters can further intensify the role timing plays in entrepreneurial decision-making.

The organizational categories involve examining work structures to see whether they are bureaucratic or flexible in nature. This means understanding the decision-making process to see if it is a top-down or more of a matrix structure. In the changing business environment, organizations that are more participative and ask for feedback are more likely to succeed. This is due to the decentralization, meaning workers can make their own decisions without requiring the consent of others. This low level of formalization helps entrepreneurs reach a consensus about the direction they want to take in the marketplace. The process category involves identifying the actions needed to make a decision. This involves focusing on the possible action plans needed and how this affects new venture creation.

Much research has been conducted on how entrepreneurs find opportunities and the role social networks play in the process. Technology entrepreneurs tend to live in places where there is an entrepreneurial ecosystem conducive to the exchanging of new ideas. This environment helps foster discussion about potential ideas and how to act on them. Other types of entrepreneurs such as eco or social entrepreneurs also utilize the entrepreneurial ecosystem to disseminate ideas and foster new projects.

Opportunities are at the center of most decisions about entrepreneurship as they represent ideas or ways of doing things that can lead to new business practices. Recognizing opportunities can be difficult, which is why it becomes an important part of every entrepreneur's life. Part of the decision to act on an opportunity will depend on how quickly an entrepreneur can access the required resources. Some resources such as time might be easier to obtain than financial capital depending on the entrepreneurs circumstances.

There are different ways opportunities can be recognized in the marketplace and this includes through information asymmetries and market gaps. As the marketplace is increasingly viewed as an international one, the recognition of opportunities can also depend on cultural and social factors. Entrepreneurial opportunities can be defined as "situations in which new products, services, materials and organizational methods can be launched onto the market to create value" (Gonzalez-Alvarez & Solis-Rodriguez, 2011, p. 757). The emphasis in most entrepreneurial opportunities is on economic and sustainability considerations. Economics has always been important to understanding the effect of opportunities on business creation. However, there has been a tendency in economic analysis to focus on supply and demand without considering environmental effects, which is why taking into consideration sustainability is also important. Sustainability incorporates economic elements in terms of financial objectives that can involve assessing social needs. More organizations are interested in sustainability due to the need to comply with environmental regulations. Citizens are also emphasizing the need for more environmentally friendly products and services due to interest in issues such as global warming.

There are cultural, gender, and demographic differences in the identification of opportunities. *De Tienne and Chandler (2007, p. 366)* states “scholars have not agreed on a definition for what constitutes an entrepreneurial opportunity or whether opportunities are ‘identified’, ‘recognized’, or ‘created’.” It is hard to ascertain what makes an opportunity be considered as entrepreneurial. This has led to a lack of clearly defined ways of conceptualizing entrepreneurial opportunities. There tends to be a vagueness about the concept due to the multiple ways it can be understood. The key point in most conceptualizations of entrepreneurial opportunities is the fluid nature of the concept that focuses on improvement.

Many factors trigger the ability of an individual to recognize an opportunity, which includes their desire to be an entrepreneur. Entrepreneurs need to improve the way they find opportunities by utilizing resources in a timely manner. Entrepreneurs might need to adopt a coopetition strategy in order to share costs and mitigate risk. This helps them utilize resources better and find further possibilities in the marketplace. By coopeting, entrepreneurs can improve or keep their existing competitive position while pursuing new opportunities.

In order to drive entrepreneurship, there should be a good cultural fit among partners. This will enable a good platform based on trust and mutual benefit to develop. Commitment among partners is also important in terms of enabling reciprocation and knowledge sharing. There are more references to opportunities within the entrepreneurship literature due to it being one of the most critical factors associated with being an entrepreneur. Some other words apart from opportunity are used in the literature such as market gap or possibility but the tendency has been to focus on the term “opportunity recognition.”

1.3 Practical Implications

Understanding the way economics and sustainability are embedded into entrepreneurial opportunities can help managers succeed in the marketplace. In order to generate new opportunities, there needs to be a coherent way for entrepreneurs to act in a timely manner. This includes developing paths that serve as a way to link the discovery process with the evaluation of opportunities. Taking a new approach to entrepreneurial opportunities is required in order to advance management practice. Potential entrepreneurs can learn about how to discover new opportunities that can impact society and affect the lives of future generations.

Entrepreneurial opportunities need to be examined from different environmental contexts such as those in developed, developing, and emerging countries. As there is increased interest in changing consumer patterns in emerging markets, it is interesting to research how resource-constrained individuals and organizations are still able to be entrepreneurial. This includes gaining information about how entrepreneurs can be engaged in training about how to identify good opportunities.

Choosing the right opportunity can have a big impact on how an entrepreneur progresses in the marketplace. Trying to find novel opportunities can be a way of finding lucrative new growth opportunities. There is a need for better outcomes

from entrepreneurial activity in order to progress society. Entrepreneurs need to be taught about how to identify appropriate opportunities in order to help them advance their careers. Drawing on previous experiences of other entrepreneurs can help advance the growth trajectory of current entrepreneurs. This can help inform the way entrepreneurship takes place in society.

1.4 Future Research

There is ample opportunity for more research on entrepreneurial opportunities given the interdisciplinary and transdisciplinary nature of emerging entrepreneurship research. The literature on entrepreneurial opportunities is decades long but in need of reinvigoration. There exists a need for more scholarship exploring entrepreneurial opportunities in new contexts in order to disseminate it to a global audience. With the support of entrepreneurship researchers, the literature on economics and sustainability can incorporate more of an opportunity recognition perspective. This will foster thought-provoking research authored by scholars from around the world about entrepreneurial opportunities. The topic of entrepreneurial opportunities is a timely one given the increased number of global entrepreneurs. Due to the proliferation of entrepreneurship research, there are still gaps in the literature about opportunity recognition. More researchers need to commit to studying entrepreneurial opportunities.

1.5 Conclusion

Drawing on the literature on entrepreneurial opportunities, this chapter makes three main contributions to the literature. Firstly, it provides an overview of the main elements of entrepreneurial opportunities as well as evaluating the current state of the literature. This helps to consolidate the research in order to analyze the scientific impact of research on entrepreneurship and the opportunity recognition process. As evident in the increased number of articles, books, and reports published on this topic, there is an increased amount of work on this topic.

Secondly, the chapter highlights the transdisciplinary nature of entrepreneurial opportunity research by taking an economic and sustainability approach. This enables the exposure of interdisciplinary boundaries of research, which will help to connect the financial and social subject areas. As more emphasis in business research is on policy measures, it helps to bridge the literature and practical impacts.

Thirdly, the chapter has stated some research gaps that need to be addressed in future work. This is important in terms of progressing the field but also building a solid body of work on entrepreneurial opportunities that reflects current market trends. More theoretical frameworks that incorporate an economic and sustainability approach are needed in order to enrich the literature. This will foster more research into entrepreneurial opportunities that can be used in a wider range of contexts.

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Chapter 2

Country-specific Sociocultural Institutional Factors as Determinants of Female Entrepreneurs' Successful Sustainable Business Strategies within the Context of Turkey and the UK

Ufi Cullen and Chris Archer-Brown

2.1 Introduction

As a result of global challenges, taking action on economic development consistent with the principles of sustainable development is an important task for governments, academia, and industry around the world (Urbaniec, 2018). Since the 2005 World Summit on Social Development, societies have been expected to design their growth strategies according to the three main sustainable development goals: economic development, social inclusion, and environmental protection which reflect the three pillars of the triple bottom line approach characterizing sustainable business development (Muñoz-Pascual, Curado, & Galende, 2019, p. 3).

Producing innovative products or services in an ecological manner requires a sustainable innovation (SI) approach. Innovation and sustainability in the economic environment have to be interconnected in order to ensure long-term success as well as a healthy economy that takes into account both environmental performance and social responsibility (Cornescu & Adam, 2013). It is widely accepted that the most fundamental element of SI is a social dialogue (Boons & Lüdeke-Freund, 2013) through collaboration and cooptation with stakeholders and customer integration as an indispensable factor (Aguilar-Fernández & Otegi-Olaso, 2018). The key stakeholders' involvement facilitates the identification of the nature of sustainable outcomes and feeds this information back into the organizational systems through new strategy development around business processes although there always remains a significant level of uncertainty (Muñoz-Pascual et al., 2019).

Innovating towards sustainability is a strategic decision that occurs through modifying several blocks of the business model, such as the value proposition (Aguilar-Fernández & Otegi-Olaso, 2018) and supply chain. In smaller businesses, the closeness to the customer and to the supplier facilitates knowledge transfer and internalization of knowledge which leads to faster decision-making and creating SI (Muñoz-Pascual et al., 2019). Consequently, small and medium-sized enterprises (SMEs) are more dependent on their stakeholders than larger businesses where SMEs wish to maintain good relations within their network and the markets in which they operate. And yet, although the small size of female-founded/owned businesses is discussed as a “weakness” (Akehurst, Simarro, & Mas-Tur, 2012; Bowen & Hisrich, 1986; Hayrapetyan, 2016) due to the difficulties related with the access to finance, the lack of specific knowledge and training, and the fear of taking risk (Akehurst et al., 2012), from the SI perspective the small size creates a robust foundation for the involvement of suppliers and the active inclusion of customers as a part of SI (Aguilar-Fernández & Otegi-Olaso, 2018, p. 8).

Institutional theory has been a popular theoretical foundation for exploring a wide variety of topics in different domains, ranging from institutional economics and political science to organization theory (Powell & Dimaggio, 1991). The institutional context draws on the concept of formal and informal institutions as “rules of the game,” introduced by Douglass C. North (1990). Formal institutions are political- and economy-related rules which create or restrict opportunity fields for entrepreneurship. Informal institutions include the norms and attitudes of a society. Creating a new venture involves a high risk under any conditions (Alrich & Fiol, 1994), and the institutional context helps to determine the process of gaining legitimacy. This is critical for entrepreneurs to overcome the liabilities of newness and to increase survival prospects (Ahlstrom & Bruton, 2002). Although research on the relationship between institutional context and female entrepreneurship has developed strong insights, to date limited studies have examined the country-specific factors which may account for variance in women entrepreneurs’ successful business sustainability strategies (BSS) and subsequent outcomes (Kaciak & Welsh, 2018, p. 631). The present research attempts to close this gap through taking a closer look at the country-specific sociocultural factors creating differences in female entrepreneurs’ BSS towards SI within the context of Turkey and the UK. This chapter examines whether networking strategies, growth orientation, work pattern, industry preference, and business partnership structures (as a part of their BSS) of well-established female entrepreneurs vary between two different cultural environments, namely the UK and Turkey. Understanding networking strategies of the participants will enable us to examine the extent of social dialogue and collaboration and cooperation between the entrepreneur and her network contacts which is a fundamental element of SI in the generation of the value proposition. The business partnership structure, networking behavior and pattern, as well as industry preference will improve insights into business modelling, while growth orientation and work pattern will help us to understand the strategic aspect of the business model. Altogether the findings will help us to evaluate the suitability and sustainability aspects of the business model towards SI.