

## **ENTREPRENEURSHIP: BUSINESS AND SOCIAL DIMENSIONS**

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### **Summary**

In this article we clarify the concept of economic entrepreneurship, discussing the relationship between profitable opportunities-economic entrepreneurship and showing that opportunities may be discovered or created as a consequence of new combinations of factors. We then go on to examine the individual and corporate dimensions of economic entrepreneurs, indicating the main features or personal characteristics attributed to them in the literature and indicating in each case their ability to discover opportunities or carry out new combinations of factors.

As regards entrepreneurship and its relations with society, we examine social entrepreneurship; then we show the determining factors for women's entrepreneurial activity and finally, we examine the institutional framework developed in advanced societies to facilitate economic entrepreneurship. Social entrepreneurship incorporates new features or characteristics to the profile of the economic entrepreneur with behavior that includes ethical components and social commitment in strategy formulation to a degree that ensures management's explicit commitment to social problems. In their economic and social activities there should be no distinction between men and women entrepreneurs, however, women encounter very different social conditions due to their gender and family status and the dual burden of their entrepreneurial activity and their family obligations diminishes their abilities to discover or create opportunities.

Finally, in society as a whole, entrepreneurial activities act as catalysts for innovation and generators of employment and wealth so that public and private institutions promote structures that support economic entrepreneurship.

## 1. Introduction

As an expression of human creative ability, entrepreneurial behavior materializes in the world of business and other areas of society. This idea has been expressed from different perspectives of management thought and with different sensitivities by Joseph Schumpeter, referring to the ability to discover and exploit opportunities; Edith Penrose, when referring to the executive's mind as one of the fundamental resources for a company; Karl Weick, through the concept of enactment, as the ability to ensure that the best proposals and initiatives triumph over business in the ecological environment in which they compete; and John Child, with his concept of strategic choice.

In the broad sense, all human actions oriented at designing and subsequently achieving objectives are entrepreneurial actions and so it is useful to specify three issues. First of all, there is a methodological issue concerning the entrepreneurial actions that actually correspond to the concept of entrepreneurship. Secondly, within that context, what are the fundamental actions of entrepreneurship in the economic sphere? And finally, which characteristics place entrepreneurship in a social field that is broader than the strictly economic aspect?

Here, we shall look first at the concept of entrepreneurship in economic terms or in other words, *economic entrepreneurship*, discussing the relationship between *profitable opportunities-economic entrepreneurship* as proposed by Scott Shane and Sankaran Venkataraman in their classic work in 2000. Below we examine the individual and corporate dimensions of economic entrepreneurship, highlighting the differences and complementarities. Then, we focus on social entrepreneurship in the context of the discussion of profitable opportunities and the individual and corporate dimensions of economic entrepreneurship. This study also examines *women's entrepreneurship* in an approach that refers only to the social determinants that women face when engaging in entrepreneurial activity. In all other aspects women entrepreneurship is the same as economic entrepreneurship or social entrepreneurship. Finally, we briefly examine the institutional dimension of entrepreneurship, mainly with reference to public institutions or those resulting from a public/private mix.

## 2. Economic entrepreneurship

When establishing the concept of *economic entrepreneurship* the first issue to consider is whether this concept has to define a specific field that enables examination of its characteristic phenomena and economic and social forecasts that would be impossible with other theoretical approaches. Is it a set of characteristics that can further understanding of other areas or fields of research? Or is it both things according to the set of phenomena being examined?

If we follow Shane and Venkataraman's approach, then it is a question of examining the inherent phenomena of economic entrepreneurship and making economic forecasts which are impossible to make using other approaches. But, as the above authors emphasize, the economic phenomena that economic entrepreneurship has been identified with do not characterize the most authentic or essential aspect of the concept;

they only correspond to some of its fields of application such as the study of small and medium-sized companies or new companies.

Economic entrepreneurship's conceptual domain must correspond to the characteristics or attributes that constitute entrepreneurial action of an economic nature, whatever the industry or type of company it is applied to. According to Shane and Venkataraman (2000: 218) this conceptual domain is formed by studying the process of discovery, evaluation and exploitation of profitable opportunities and by the set of people who discover, evaluate and exploit them. This idea is generally shared and it contains two different dimensions. Research that focuses on the entrepreneur as the *discoverer* of profitable opportunities, within the framework of an economic and institutional environment; and studies that consider that, as well as being a discoverer, an entrepreneur is an agent who *exploits* profitable opportunities by new combinations of required factors, according to Schumpeter's classical view.

More specifically, Shane and Venkataraman (2000: 218) define “the field of entrepreneurship as the scholarship examination of how, by whom, and with what effects opportunities to create future goods and services are discovered, evaluated, and exploited”. That is, they consider *profitable opportunities* as having an independent, prior existence which must be discovered. “[T]he opportunities themselves are objective phenomena that are not known to all parties at all times” (Ibid: 220).

At the same time, there must be new combinations of factors or new *means-ends relations* in order to exploit profitable opportunities. According to Shane and Venkataraman (Ibid: 220) this means combinations of resources whose innovative nature guarantees the profitability of the opportunities; through the discovery of new products-services and/or production methods that competitors will take a while to imitate, and through the new value that their discovery gives to the resources that only suppliers know about and transfer to prices after a significant delay.

Together these two dimensions of entrepreneurial activity (discovering profitable opportunities and new combinations of factors) can provide a broad, satisfactory definition of economic entrepreneurship. On the one hand, new scientific achievements (profitable opportunities) may be awaiting discovery by innovative entrepreneurs who are able to achieve the combination of factors that enable them to be exploited in the form of new products or services. And on the other, (to complete the economic entrepreneurship profile), in many cases it is the very reorganization of productive or commercial activities (new combinations of factors or resources) that *creates* the opportunity. Furthermore, both dimensions are often also closely connected. Schumpeter (1934: 67) has stated simply that economic entrepreneurship innovation may merely correspond to “the different employment of the economic system's existing supplies of productive means”. And with reference to the creation or discovery of opportunity, Zotto and Gustafsson (2008: 97) point out that entrepreneurial activity is a complex phenomenon that includes “innovation, venturing and strategic renewal”, the latter being understood as an organizational transformation.

The broad definition of entrepreneurship that we propose does not establish a clear line between entrepreneurial and non entrepreneurial activities, but we think that this is

inevitable in an attempt to capture the complexity of entrepreneurship. That complexity increases when we look at the different social dimensions of entrepreneurs.

### **3. Individual and Corporate Economic Entrepreneurship**

The personal characteristics that facilitate the discovery of opportunities or their creation through organizational or technical innovations must form part of the individual characteristics or attributes of entrepreneurs that we consider part of economic entrepreneurship (Chell, 2008). These characteristics are partly innate and partly a product of the education received and the influence of society and lead to the appearance of abilities that can expand discretion and economic and social opportunities (Baumol, 1968). Thus the entrepreneur, as discoverer of new opportunities, can also create them and break the static income circulation model of economic theory, opening the economic system to growth or the expansion of its reproduction cycle (Shumpeter, 1934).

Among the many characteristics that the literature points to as attributes of the entrepreneurial personality (economic entrepreneurship), is a natural tendency towards openness to the surrounding environment and external phenomena, willingness to take risks, cognitive abilities and creativity. In addition, entrepreneurs believe in their ability to influence their environment and obtain objectives, in their skill at solving problems without the need for exhaustive data or prior experience and their ability to obtain efficiency and control activities.

Many other features, whether innate characteristics or the product of society's influence probably also form part of the economic entrepreneurship profile. They include the desire for personal realization and/or power or wealth, the tendency to feel responsible for improved results, obsession with the things considered important, the desire for independence and autonomy, being able to develop charisma or leadership, or the family, cultural and social situation; but in discovering profitable opportunities, none of these characteristics can be successful in economic entrepreneurship unless they are accompanied by the features or attributes indicated in the previous paragraph.

However, given the infinite nature of reality, we cannot know the specific mix of personal characteristics that permit or support an entrepreneur's *sound intuition*; and although we can analyse the empirical significance of some of these characteristics (Nga and Shamuganathan, 2010), their appearance in the field of economic entrepreneurship or social entrepreneurship depends on how they mix with other characteristics that we are unaware of, as well as the institutional and social context.

The corporate entrepreneur corresponds clearly to the link between *discovery* and *exploitation* and may invert the order of the sequence, so that the new combination of factors is what creates the profitable opportunity. In this situation, entrepreneurial activity may consist in gradual, ongoing processes of organizational innovation or organizational and technical innovation moving away from Schumpeter's radical conception of creative destruction towards the evolution or development of capabilities. Hamel and Prahalad (1994) have extensively illustrated the organizational characteristics of innovative companies, where the ongoing process of marginal and radical

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### **Biographical Sketches**

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