

Concepts of entrepreneurship

1. Entrepreneurship

The process of designing, launching, and managing a new business or venture, typically involving innovation, risk-taking, and organizing resources to create value.

Entrepreneurial opportunities are “those situations in which new goods, services, raw materials, and organizing methods can be introduced and sold at greater than their cost of production.”

Therefore, entrepreneurship requires action— entrepreneurial action through the creation of new products/processes and/or the entry into new markets, which may occur through a newly created organization or within an established organization.¹

2. New ventures

Are vehicles through which entrepreneurs discover, evaluate, and exploit opportunities.²

A new venture is a newly formed business entity (or project) created to pursue an entrepreneurial opportunity. It often refers to a startup or early-stage enterprise under development. It can be formed from scratch (greenfield venture) or inside existing organizations (corporate venturing).

3. Startups

- A technology-centric product or service;
- Scalability (strong leverage effect on revenue per additional employee);
- A disruptive nature of innovation;
- Annual revenue of less than USD 5 million.³

The earliest definition of a startup in the academic literature dates back to 1976, when Keeble described it as the creation of an entirely new company that did not previously exist.⁴ In summary, a startup can be defined as a fast-growing, innovative, and technology-driven company that operates based on a scalable business model.

¹ Hisrich, R. D., Peters, M. P., & Shepherd, D. A. (2017). Entrepreneurship (10th ed.). McGraw-Hill Education

² Shane, S., & Venkataraman, S. (2000). The promise of entrepreneurship as a field of research. *Academy of Management Review*, 25(1), 217–226.

³ Skala, A. (2019). *Digital Startups in Transition Economies*, (éd. 1). London: Palgrave Pivot Cham. doi:https://doi.org/10.1007/978-3-030-01500-8_2

⁴ Al Ehsan, Z. (2021). Defining a Startup - A Critical Analysis. SSRN. doi:<http://dx.doi.org/10.2139/ssrn.3823361>

4. Small businesses

A small business refers to an independently owned and operated enterprise that is smaller in scale compared to large corporations. However, small businesses vary widely in size, growth potential, organizational structure, and culture. There is no single, universally accepted definition of a small business. Different institutions use different criteria such as number of employees, annual sales, or asset value.⁵

5. Business plan

A business plan is a formal written document that describes a business's goals, strategies for achieving them, the operational and financial projections, and the time frames.

The main parts in a business plan are:

- An executive summary: an overview of the business idea.
- A description of the product or service.
- Market analysis: information about the industry and target customers.
- Marketing and sales strategy.
- Management and organization.
- Financial plan: projections of income, costs, and funding needs.

⁵ Longenecker, J. G., Petty, J. W., Palich, L. E., & Hoy, F. (2019). Small Business Management: Launching and Growing Entrepreneurial Ventures (19th ed.). Cengage.