

The Heart of Entrepreneurship

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Abstract

In its struggle to model the phenomenon, entrepreneurship research has investigated the central role of entrepreneurs, resources, and opportunities without reaching a satisfying explanation for what happens in new ventures. Building on the idea of co-creation, we outline a view of entrepreneurship as a collaborative activity enacted by a range of self-selected stakeholders who all animate the process, share risk, contribute resources, and derive unique benefits.

Introduction

Entrepreneurship is fascinating because it offers new opportunities to individuals, generates innovative products and services for customers, powers the economy with jobs and growth, and provides hope for more democratic economies and a sustainable world. But what is the heart of entrepreneurship? What makes it work?

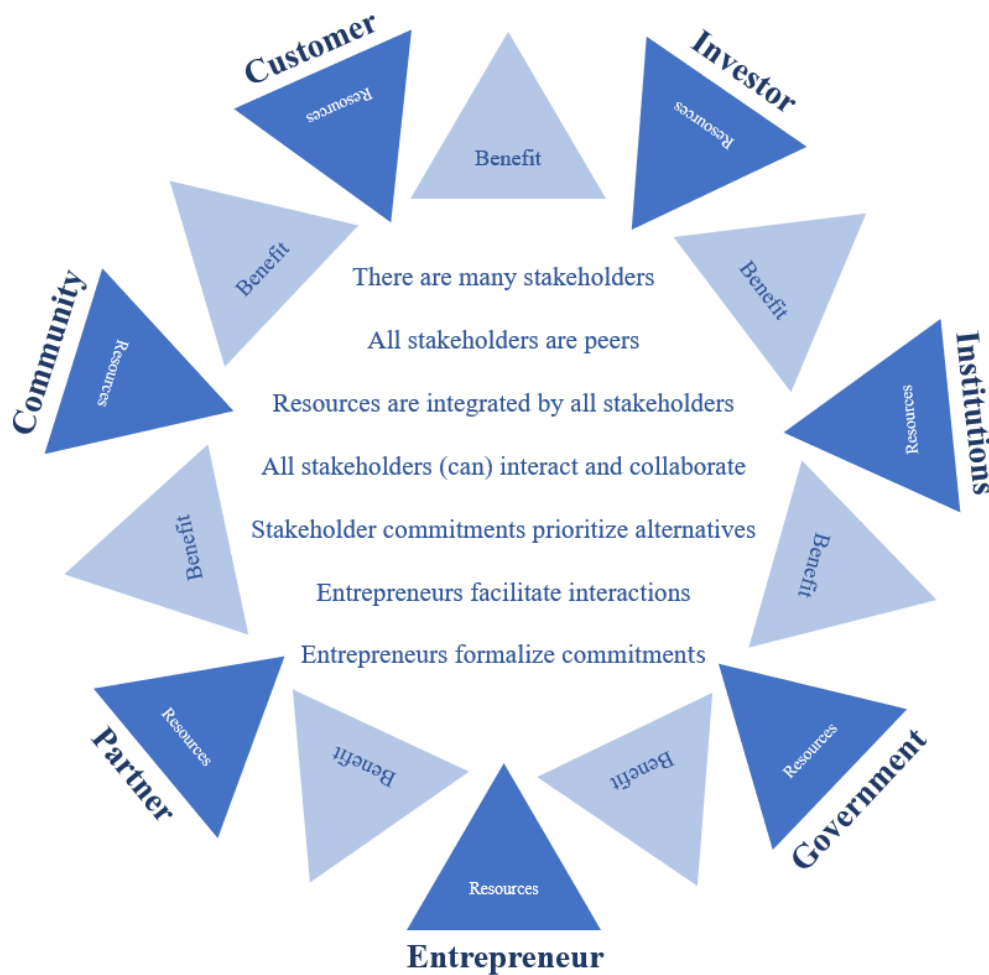
Early investigations

Over the years, numerous candidate answers emerged. The heroic entrepreneur, engaged in the “...pursuit of opportunity without regard to resources currently controlled...” attracted interest.¹ But the entrepreneur alone is insufficient. Resources are important. The focus shifted to venture capitalists, providers of critical funding to start-ups.² But resources in general, or money in specific, are not sufficient to make entrepreneurship work. There must be an opportunity against which heroic entrepreneurs and venture capitalists' funds are deployed.³ But opportunity proved a vague and ethereal concept, returning us to the central question of: What is the heart of entrepreneurship?⁴

Action to co-creation

These early hypotheses, though inconclusive, offer a partial list of ingredients. Action is necessary to mix the ingredients of the entrepreneurial process.⁵ But an entrepreneur acting alone to build a better future can only get so far. A specific sort of action – the interaction across entrepreneurs and a broad range of engaged stakeholders – is what animates entrepreneurship. When entrepreneurs, customers, suppliers, investors, and any other stakeholders collaborate and share complementary resources, the collective co-creates, as diagrammed in Figure 1.⁶

Figure 1. Co-Creative Entrepreneurship



How co-creation works

The diagram in Figure 1 may look as chaotic as the entrepreneurial process appears from the outside. But it offers a system and logic.

a. There are many stakeholders

The wide range of stakeholders working together enacts entrepreneurship by sharing diverse and complementary resources, making commitments to the next action, and creating with each other. Each action adds to all stakeholders' knowledge of the situation and advances the process.

b. All stakeholders are peers

Stakeholders learn and share control as they collaborate. As each stakeholder works to realize their own unique benefit from the process, the constellation shapes the situation using their collective resources and actions.

c. Resources are integrated by all stakeholders

All collaborative stakeholders start with their own existing resource set that includes "who I am, what I know, and whom I know."⁷ Sharing these enables access to financial, technological, and other tangible resources that can come from and be utilized by any co-creative stakeholder.

d. All stakeholders (can) interact and collaborate

Interactions are facilitated by like-mindedness in a shared general aspiration to build a better future. Self-selected stakeholders opt-in to engage and interact with others on terms mutually agreeable to all stakeholders.

e. Stakeholder commitments prioritize alternatives

As stakeholders make commitments to deploying their own resources and effort, they redefine the situation and guide its direction, drawing focus toward opportunities enabled by their commitments and away from other possibilities.

f. Entrepreneurs facilitate interactions

Entrepreneurs play the important role of facilitating communication and interaction within the constellation. They connect ideas, suggest different ways for stakeholders to contribute, and support commitments.

g. Entrepreneurs formalize commitments

Commitments drive the process ahead. While the entrepreneur does not need to negotiate every arrangement, the entrepreneur and the venture become the nexus where arrangements are formalized and implemented.

Outcomes

There can be many outcomes that emerge through the dynamic co-creative process. Outcomes are collective translations of stakeholders' shared aspirations ranging from economic gain to social transformation and technological enhancement.

a. Value

Value has a broad and inclusive meaning in co-creative entrepreneurship. Instead of transactional relationships between stakeholders, co-creative interactions are predicated on 'value-in-use' for all stakeholders. Each engaged stakeholder is a beneficiary and each receives value in a unique form. So, while customers are important stakeholders - suppliers, partners, the local community, larger society, and the ecological environment all also benefit from their participation in co-creative entrepreneurship.

b. Opportunity

Opportunities can be created but not by any single stakeholder. Co-creative opportunities are participatory in nature. Entrepreneurs may play the role of facilitator in a co-creative process where stakeholders co-construct an opportunity.

c. Offering

The collection of self-selected stakeholders may construct one or many offerings. The initial idea for an offering may come from any of the stakeholders but is revised and developed interactively, so every engaged stakeholder adds their own understanding of value, and the final offering set represents all stakeholders' benefits.

d. Firm and market

In the process of co-creation, new artifacts, such as firms or markets, may emerge. Though these are not the central purpose of co-creation, they may be necessary vehicles to carry value, animate opportunity, or deliver an offering for the co-creative stakeholders.

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Co-creation and environmental uncertainty

Co-creation enables stakeholders to deal with environmental uncertainty by controlling the environment one commitment and action at a time. Ironically, co-creative stakeholders managing uncertainty for themselves create it for other players in the market. Co-creative products, services, ventures, and markets are not amenable to prediction, often surprising everyone else in the surrounding environment.

Practical implications

New ventures need not be on hold waiting for a heroic entrepreneur, limitless resources, or some perfect opportunity. Entrepreneurship is a collaborative process where customers, partners, investors, communities, and entrepreneurs take action together, share resources together and create new products, services, opportunities, markets and firms together. Understanding this co-creative view of entrepreneurship encourages more people to engage in the process, create novelty in the environment and find their own benefit in doing so.

The heart of entrepreneurship

Maybe less glamorous than the image of a lone heroic entrepreneur, the heart of entrepreneurship is co-creative action. No one individual gets the credit, and there is much work for every stakeholder to do. The heart of entrepreneurship is actually composed of many hearts coming together around shared aspirations to create something new in the world. Entrepreneurs play a key role but are not solo actors. Seeing entrepreneurship as a co-creative process enhances our understanding of the phenomenon and paves the way for nurturing entrepreneurship in our societies.

Authors

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Endnotes

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