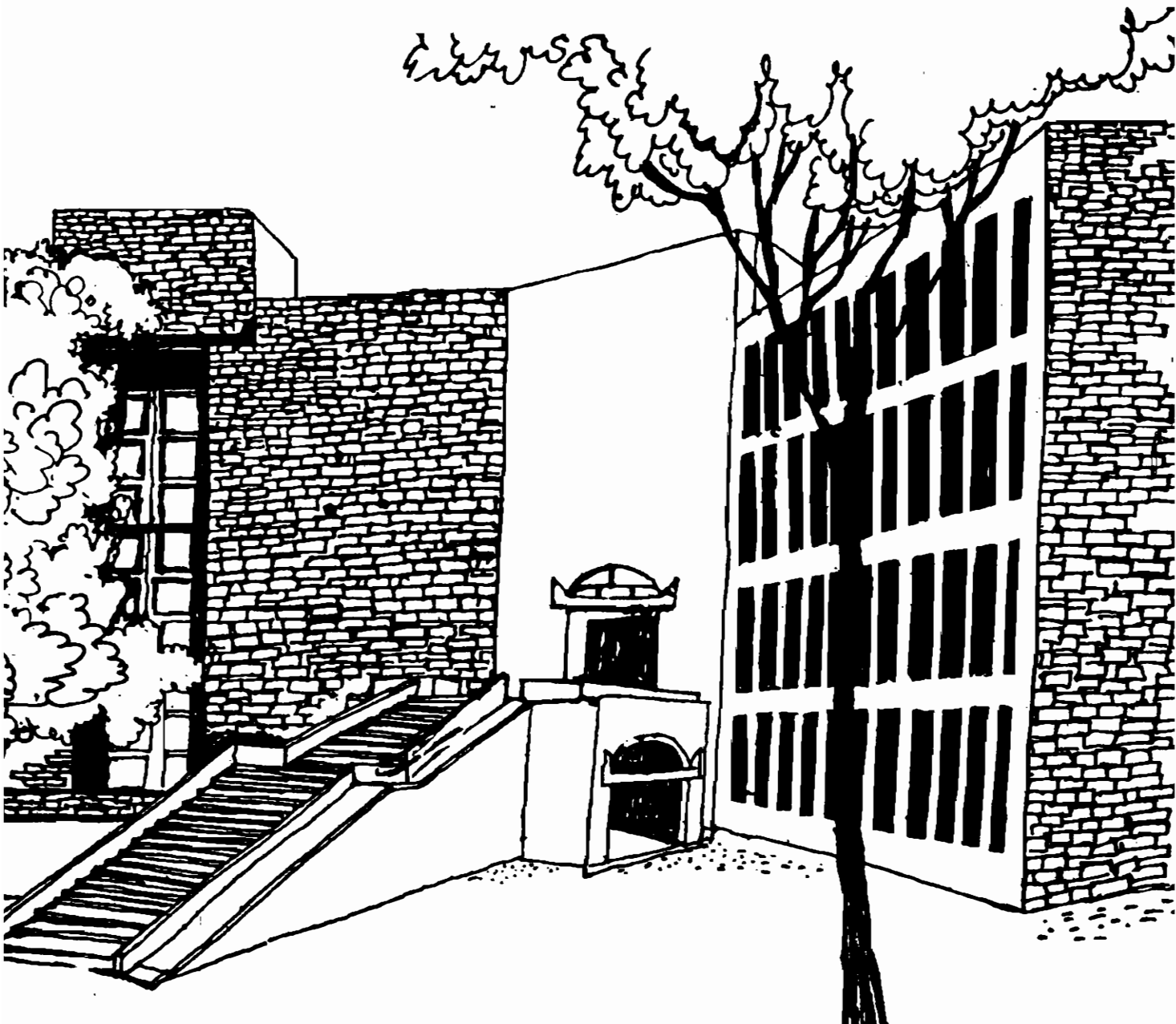




Working Paper




Towards a Framework for a Comprehensive Theory of Entrepreneurship

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Abstract

In last three decades researchers with diverse disciplinary backgrounds have addressed the phenomenon of entrepreneurship leading to the emergence of multiple and seemingly unrelated theories about the subject. Apparently, no unifying framework exists in entrepreneurship literature that can bring these diverse theories together for developing a comprehensive theory of entrepreneurship. In this paper, an attempt is made to fill this void by developing a conceptual framework of entrepreneurship to guide the theory development of entrepreneurship in this direction. The framework captures the interrelationships among the various elements involved in entrepreneurship, viz., environment, entrepreneur and the resultant organisation. A brief discussion is made on how the theories from different schools of entrepreneurship research can explain different interlinkages among these elements portrayed in the framework, thus providing a unifying platform to bring all the theories of entrepreneurship together for developing a comprehensive theory of entrepreneurship.

Towards a Framework for a Comprehensive Theory of Entrepreneurship

Sougata Ray and K. Ramachandran

The word entrepreneur had its origin way back in the twelfth century¹. However, research interest in the development of a theory of entrepreneurship started relatively late in the seventeenth century and was primarily restricted to the domain of economics almost upto the middle of the present century. Since then researchers with a variety of backgrounds such as psychology, sociology, anthropology, history, and management have contributed substantially to the emergence of entrepreneurship as one of the most promising fields in business education and research. A comprehensive theory of entrepreneurship, nevertheless, still eludes us.

In this paper, following a brief review of the current scenario an attempt is made to fill this void. It presents a conceptual framework that may help develop a meaningful theoretical formulation.

Entrepreneurship Research: Multiple Schools, Fragmented Theories

As observed by Stevenson and Jarillo entrepreneurship literature can be identified to address, by and large, three main questions²:

1. What happens to business and economy when the entrepreneurs act, i.e., the outcome of entrepreneurial activities?
2. Why do they act as entrepreneurs, i.e., the cause of entrepreneurial actions of individuals?
3. How do they act as entrepreneurs, i.e., the process of entrepreneurship?

The outcome of entrepreneurial activities was the predominant area of interest for entrepreneurship researchers consisting largely of economists³ until a few decades ago when the research focus shifted to the entrepreneur the person. According to the economists school, epitomised by Schumpeter though many others have contributed to it, entrepreneurship broadly involves identification of market opportunities⁴, and innovative creations of combinations of resources for altering the aggregate economy⁵.

Though Schumpeter also alluded to the characteristics of an individual entrepreneur it was only in the early sixties that a group of researchers started addressing the second question through systematic inquiries leading to a plethora of works exploring the psychological characteristics, personality variables, and demographic background of entrepreneurs. These works may be placed within the rubric of psychological and sociological approaches to entrepreneurship research⁶. Their emphasis was on entrepreneur as an individual, his background; environment in which he lived; his ambitions and goals, values and beliefs, and motivations. Though different in emphasis, the psychological and sociological approaches to, like that of the economists, were mainly concerned with entrepreneurial actions and their causes and outcomes at the micro or macro level.

Although the third question the process by which entrepreneurs identify opportunities, innovate and create new combinations of resources, translate ideas into action and maintain the continuum of innovations - had been raised way back in the late forties by Jenk and Cole⁷, it attracted less than adequate attention then. Van de Ven *et al* rightly observed about a decade ago that the existing body of literature was insufficient to establish the theoretical concepts associated with the venture creation process to understand the links between the context and the critical elements in the process⁸. Lately, however, some progress has been achieved in this direction⁹. And yet, we are still short of a comprehensive theory which can explain the intriguing phenomenon of entrepreneurship in totality.

This is partly due to the fact that researchers from one discipline often tend to ignore the works produced by their colleagues in other disciplines. Admittedly, studies rooted in various academic disciplines bring to bear on the subject the richness of diversity, but not enough has yet been done for integration. Many authors see this as a major weakness of the field¹⁰.

Moreover, while there is a general consensus that the most unique aspect of entrepreneurship is the starting up of a new enterprise, there is little agreement on what elements are most important in carrying out such an activity¹¹ and what may be its boundary¹². Also, since the post-start up environment has become increasingly turbulent, entrepreneurship related studies are now stretched to cover this phase of business too. The multiplicity of foci has led to the growth of the field in multiple directions. There is no unifying platform on which the findings from different schools of research can be brought together to develop a comprehensive theory.

Components of the Framework and Their Interrelationships

There is no denying the fact that entrepreneurial activities originate from the individuals. Hence understanding of their personality traits, skills, and background are crucial for the development of a comprehensive theory. However, entrepreneurs can neither be independent of their immediate environments nor be so omnipotent as to carry out all the venture related tasks single handedly for a sufficiently long period of time. Entrepreneurship very often is considered synonymous with the business accomplishments of an individual. This may be true for the initial phase of the venture, but as the size of the business grows, the role of organisation, as distinct from that of individual becomes critical for the success of the venture. Entrepreneurs need to create organisations for performing the venture related tasks essential to fulfill the entrepreneurial ambitions. Hagen argues that entrepreneurship is not only the conceiving the idea behind a venture, but also designing and maintaining the organisation for carrying it out¹³. Similarly, there are strong evidences that environment plays a very significant role in creation of an entrepreneurial venture¹⁴. Environmental variables matter, not only to provide opportunities to exploit the imperfect markets as argued in the economist approach, but also in the sense that different environments are more or less conducive for entrepreneurial activities to flourish¹⁵.

Thus if entrepreneurship is the individual's response to a situation, i.e., the environment around him, and creation of an organisation is essential for carrying through that response, the entrepreneur,

environment and the organisation must be regarded as crucial elements in any framework relating to entrepreneurship. This is elaborated below.

For conceptual clarity, both environment and organisation may be divided into two separate constructs - form/conduct and outcome. Form denotes the content part of the different components constituting the construct, and conduct represents the action and process part of its inter-components dynamics. Outcome on the other hand is the result of this dynamics. Thus organisation is conceptualised as organisational form/conduct and organisational outcome and environment is conceptualised as environmental form/conduct and entrepreneurial choice. We have preferred the term 'entrepreneurial choice' to 'environmental outcome' as what really matters for the course of a venture is the availability or nonavailability of a set of choices to the entrepreneur and organisation, and not the environmental outcome as such. Each of these constructs has two distinct existences - objective and perceptual. Perceptual understanding of each construct varies according to the location of the observer. If he or she is a part of the environment, his or her perceptions about all the constructs of the framework are likely to be different from those of the entrepreneur or somebody who is a part of the organisation.

Environmental form/conduct, organisational form/conduct, and entrepreneur are the primary constructs, and entrepreneurial choice and organisational outcome - which have no existence independent of the respective primary constructs, viz., environmental form/conduct and organisational form/conduct - are visualised as secondary constructs. The entrepreneur, organisational form/conduct, and organisational outcome together create the entrepreneurial context, and the other two constructs - environmental form/conduct and entrepreneurial choice - together constitute the environmental context.

Let us now recapitulate brief working definitions of some of the terms used in the paper and also of each of the constructs of the framework. Firm and organisation used interchangeably, denotes a conceptual entity inclusive of the entrepreneur, and the venture denotes his or her business. Product means both product and service.

The term entrepreneur represents an individual or a group of individuals who conceives, initiates and maintains for a sufficiently long period of time a social institution which produces economic goods¹⁶ or to put it differently, who perceives a business opportunity and creates an organisation to pursue it¹⁷.

Environmental form/conduct is the aggregate and the dynamic interactions of those external factors which interact with the entrepreneur and the resultant organisation and also among themselves to have impacts on the functioning of the venture. It encompasses the political, economic, legal, social, cultural, demographic, competitive, technological, physical, natural, ecological and all other environmental components. Conceptually it comes close to the "constellation of forces" of Tripathi¹⁸.

Entrepreneurial choice may be defined as the options and opportunities available to the entrepreneur, and subsequently to the resultant organisation, about the various aspects of the enterprise, i.e., the product-market scope; core technology; location; timing; scale of operation; physical, human and

informational resources; different components of organisational form/conduct; and performance standards.

Organisational form/conduct as a conceptual entity, is a medium for accomplishing the design and goal of the entrepreneur, having a complex interacting co-existence of strategy, structure, systems, processes, tangible and intangible assets and resources, and shared values. Organisational form/conduct, in turn, has a dynamic interaction with the environment and the entrepreneur.

Organisational outcome is the behavioural, economic, and competitive manifestations of the internal dynamics of the organisation and its dynamic interactions with the environment and the entrepreneur over a period of time.

The framework of entrepreneurship proposed in this paper argues that entrepreneur, environmental form/conduct, entrepreneurial choice, organisational form/conduct and organisational outcome, are indispensably linked to and continuously influence one another at different stages of entrepreneurial development (Figure 1). There are complex, bi-directional, interwoven and dynamic causal relationships among these constructs where some may have dominant influences over others, depending on the stage in the life cycle the entrepreneurial venture is. To understand the phenomenon of entrepreneurship one has to understand each of these five constructs and the synchronic and interactive processes by which they are linked to each other.

We will now explain how the interactive dynamics of the above five elements in the entrepreneurial process evolves over time along different stages of venture creation. This we will do with reference to various phases in the development of a venture.

Venture Development and the Framework Opportunity Recognition Phase

The entrepreneurial process starts when the entrepreneur recognises an opportunity in the environment. At the first stage of entrepreneurial process, i.e., opportunity recognition phase, three elements of the framework are in existence -the entrepreneur, environment and entrepreneurial choice (Figure 2).

The recognition of opportunity by an entrepreneur may be triggered off by either external or internal stimulus of the entrepreneur's unfulfilled personal needs. It may come from the identification of a need of people in the environment and may manifest in the choice of product or the choice of market in the perceptual mental map of the entrepreneur. The unsatiated personal need of the entrepreneur may sometimes lead to the recognition of a new idea, especially in the case of novel concepts¹⁹. Entrepreneurial choice at this stage is influenced by both the environmental form/conduct and the entrepreneur. There may be numerous unsatisfied needs and unexploited opportunities²⁰, but all are not reflected in the entrepreneurial choice as the span of choice depends on the alertness of the entrepreneur, his ability to identify opportunities, his family and educational background, professional experience, and formal and informal networks. The recognition of a business opportunity motivates the entrepreneur to explore it further. The entrepreneur passes through several mental steps before finally carrying a business idea out of a recognised opportunity.

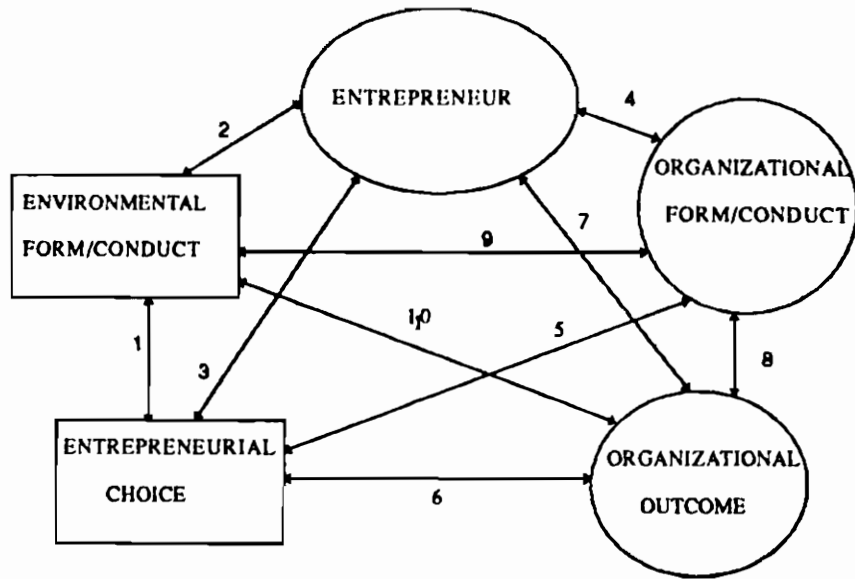


Figure 1

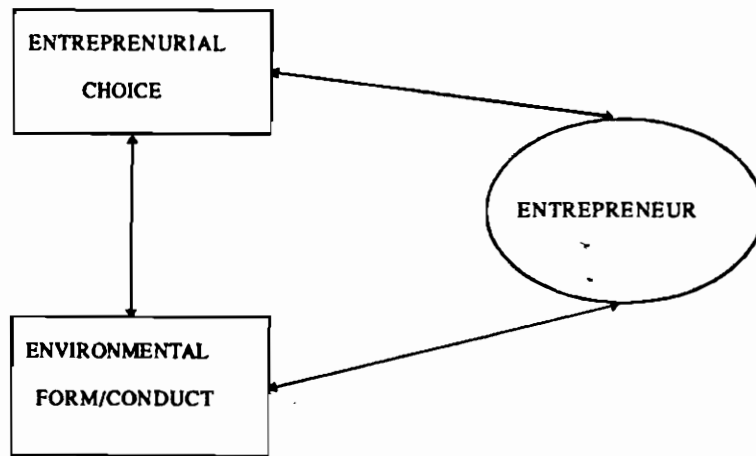


Figure 2

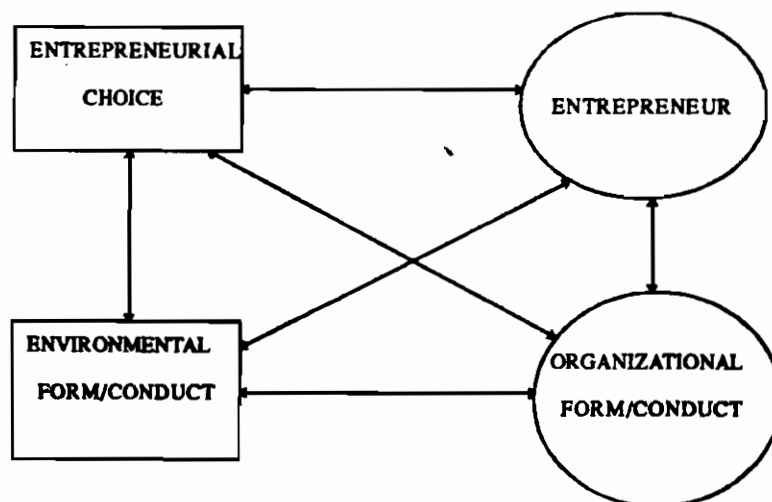


Figure 3

He may interact with some of the elements constituting the environment to gather more information about the idea and discuss the matter with friends, family members, professionals, and experts, to filter and refine the concept into a venturable proposition. The characteristics of the business concept and the type and quality of other related entrepreneurial choices influence the mode and outcome of these discussions. The three constructs at this stage of venture creation co-exist with mutual influence over each other. However, environmental form/conduct and the entrepreneur are likely to have dominant influence over entrepreneurial choice. At the same time, as the progress of the venture to the next stage depends on the favourable response of the environment, environmental form/conduct has dominant influence over entrepreneur.

Venture Start-up Phase

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To proceed beyond identification of business concept towards a successful venture the entrepreneur needs to create an organisation for transforming the concept into a marketable product by accumulating and combining the physical and other resources that are beyond individual means²¹. Initially, to accumulate resources and create the organisational form/conduct the entrepreneur alone has to constantly interact with several components in the environment, viz., the bankers, the regulatory agencies, the experts and advisers, the suppliers of technology and raw materials, the distribution channels and so on. Until this time, the seed of the firm remains within the entrepreneur as it has no separate existence beyond him. There is only an emerging organisation²² where the ideas of the entrepreneur and environment interact²³. But after some time the entrepreneur gives birth to a baby organisation by bringing some of the resources together in response to the increasing demand of the business. Organisational form/conduct thus emerges as a separate entity from the entrepreneur (Figure 3) in the form of a physical structure as well as systems and processes that surround the production technology at the core²⁴. This phase represents the existence phase of the venture life cycle as suggested by Churchill and Lewis²⁵.

In the initial phase of organisation formation structure, systems and processes gradually evolve, functional differentiation is limited, departmental boundaries are fluid, and accent is more on informality rather than formality.²⁶ This phase is characterised by feedback from customers, suppliers and the environment at large, organisational learning and increase in the scope of activities beyond the entrepreneur's individual capability to supervise, inclusion of various new elements of the organisational form/conduct, modifications in the ones chosen earlier and growing formalisation.

The entrepreneur has a definite control on the formation of organisation as it is he who makes the choice of different components of organisational form/conduct from the basket of choices available to him. In doing so, he is guided by his long term vision or strategic intent. However, though weak, the baby organisation does influence the other three constructs in a limited way. Its actions at this stage result into favourable or hostile reactions of the environment towards the new venture. It creates or delimits the availability of entrepreneurial choice. It also shifts a large portion of the time and attention of the entrepreneur from the management of the environment to the management of the organisation. In this phase organisational form/conduct is the weakest element in the framework which is dominated by the other three constructs and resembles the synthetic organisation of Thompson²⁷.

The choices of the different components of the organisational form/conduct are made by the entrepreneur from the available entrepreneurial choice. The responses of the baby organisation are also to a great extent dictated by the demand of the environment. The entrepreneur has more or less full control over the internal dynamics of the organisation. Hence, it can be suggested that at this stage of the venture the environmental form/conduct is likely to have dominant influence over other three constructs: the entrepreneurial choice, entrepreneur, and organisational form/conduct. Hierarchically looking, the entrepreneur is likely to have dominant influence over entrepreneurial choice and organisational form/conduct. Also, the organisational form/conduct will be influenced by the entrepreneurial choice.

Survival and Growth Phase

As the organisation translates the business concept into a marketable product and offers it to the customer, the venture reaches the survival stage as proposed by Churchill and Lewis²⁸. The entrepreneur gets the feedback on market response about the venture directly from the environment through his own personal network and information channels, and indirectly from the organisation by looking at the economic outcome in the form of profitability and sales. The behavioural outcome of the organisation at this stage, measured in terms of efficiency, competitiveness, effectiveness, innovativeness, and flexibility, which are highly subjective to the entrepreneur's own judgement, indicates to him whether the organisational form/conduct is in tune with his strategic intent or not.

At this stage of the venture all other constructs have dominance over the organisational outcome as it depends on the combination of factors like the response of the customers, suppliers, and competitors, the quality of the business concept and other entrepreneurial choices leading to the emergence of the venture, the intra-organisational dynamics, and above all the ability of the entrepreneur to manage and manipulate the other three constructs.

In short, the environmental form/conduct will influence all the other four constructs: entrepreneurial choice, entrepreneur, organisational form/conduct, and organisational outcome. It is natural to expect the entrepreneur influence entrepreneurial choice, organisational form/conduct, and organisational outcome. At the same time, the organisational form/conduct will have dominant influence over entrepreneurial choice and organisational outcome, and the entrepreneurial choice will have dominant influence over organisational outcome.

Based on the outcome of the initial responses from the environment and organisational feedback, changes are effected iteratively in the product and organizational form/conduct with a view to achieving the desired outcome²⁹. In this phase the nature of the influence of the environment over the entrepreneur and the organisational form/conduct changes, as the different elements of the task environment - the customer, supplier, and competitors- change their attitude and behaviour in response to the organisational outcome. The outcome of a venture, apart from influencing the task environment, may have impact on the economic, social and sometimes political environment as it may change the structure of the industry and the cultural habits of the community. The degree of impact would

depend on the novelty of the business concept introduced by the entrepreneur and the structure of the economic system³⁰.

Favourable responses of each of these variables iteratively lead to the foundation of an expanding business empire, boost the confidence of the entrepreneur, add to his knowledge and understanding of the world of business, strengthen his personal resource base, augment his risk taking ability³¹, and provide a sense of personal satisfaction to him. Unfavourable outcome does quite the opposite as it calls for changes in the organisational form/conduct; failure in doing so may lead to the death of the venture.

At this stage, the entrepreneur may not be directly involved in the course of interaction between the organisation and the environment, and interactions among different elements within the organisation, as many of his activities may have been delegated to the subordinates. The political processes evolves within the organisation as entrepreneur's decisions are influenced by the different constituents of the existing organisational form/conduct. The organisational form/conduct being capable of having an independent interaction with the environment is able to influence and manipulate the reaction of the environment which in turn gives rise to new entrepreneurial choice. Thus at this point in time all the constructs come to co-exist with mutual, synchronic and interactive dynamics with each other where the dominance of influence of one construct over others become blurred, difficult to establish, and varies from venture to venture.

Concluding Phase: Entrepreneurial Transition

When the venture achieves some sort of stability and reaches the success stage as described by Churchill and Lewis³², all the elements of the framework come to a point of co-existence, undergoing continuous bidirectional interactions. However, the entrepreneurial process does not end here. Following the argument of Churchill and Lewis we propose that there is still a stage left in the entrepreneurial process that of 'entrepreneurial transition'. At this stage of the venture, competition gradually builds up as more and more firms come into the market with improvement in the entrepreneur's original idea through adoption, adaption, and incremental innovation³³. Moreover, the scale of operation also becomes crucial for the rapid growth of the venture, demanding a change in the organisational role of the entrepreneur³⁴. The entrepreneur has to either lose his extra-organisational existence by dissolving his identity in the organisational form/conduct as a part of the top management or dissociate himself from the venture.

The dominant view in the management literature is that organisations require different managerial style as they grow and the entrepreneur must either undergo a change in his style of functioning or be replaced by someone in tune with a more bureaucratic managerial style of functioning³⁵. The innovative and creative flair of the entrepreneur takes the back stage as he has to devote more time in managing and maintaining the relationships with different components of the environment and of the organisation itself and has to introduce increasingly more formalisation of the systems and processes. This, however, may not always be the case. It is seen that the entrepreneurial ventures sometimes give rise to organisations with a lot of flexibility and informality which provide the

entrepreneurs with the opportunity to continue with creative and innovative activities while being a part of the organisation.

The process of transition is not instantaneous and sometimes involves a prolonged period of emotional adjustment both on the part of the entrepreneur and others of the organisation. Researchers do not seem to have taken much interest in examining the psychological state of the entrepreneur and its impact on the organisation during the transition phase. Some studies on leadership succession in the ongoing organisations have been reported.³⁴ But, entrepreneurial transition does not necessarily involve succession, as the entrepreneur may prefer to continue in the same venture, transforming his personality to some extent according to the exigency of the situation. More research on entrepreneurial transition is required for a definitive understanding.

Entrepreneurial Choices: The Key Elements of Entrepreneurship

The above discussion on the evolution of a venture shows that the creation of an organisation and the choice of the organisational form/conduct is a controlled, gradual and incremental process as the entrepreneur does not choose all the elements all at once. There is a sequence of actions and choices relating to vision and strategy³⁷, identification, mobilisation and acquisition of resources and their combination³⁸; imaginary boundary for the emerging organization³⁹; and structure, systems and processes⁴⁰.

It is also evident that to a large extent the choice of a business concept determines the dynamics of interactions among various elements of the framework as the concept has a direct bearing on the choice of different elements of organisational form/conduct and the subsequent organisational outcome, and an indirect bearing on the environment. For each choice of business concept, certain functions become crucial for the success of the venture, which dictate the selection of a specific type of organisational form/conduct. For example, an extremely novel concept, the need for which is still dormant in the customers' mind, requires the entrepreneur to give major attention to the creation of market which in live demands a strong marketing set up in the organisation. In contrast, the choice of a 'me too' concept, for which efficient production of quality product at reduced cost is crucial, leads to a quite different organisational form/conduct.

Environmental responses differ from concept to concept. For certain concepts availability of finance and other resources may not be a problem as the suppliers are willing to provide adequate resources, whereas these resources may not be easy to assemble for some other concepts. The level of competition, the reaction of the suppliers of resources, and the response of customers are different for every concept. Tushman and Anderson observe that business concepts based on novel and superior technology favour the entry of new firms into an industry because of the inability of the existing firms operating in the same product-market to exploit the new technology⁴¹. Moreover, the choice of business concept and subsequent choices of combination of resources delimit the boundary of the task environment of the venture, comprising the customers, suppliers of resources, competitors and regulatory bodies with which the entrepreneur and the organisation have a continuous interaction.

The outcome of a venture is sometimes predetermined by the choice of business concept itself. The choice of an entirely novel concept, for which the market is not mature, leads to a lot of investment and effort in market creation which may drain away the resources, causing unfavourable economic outcome subsequently. However, there are business concepts which may lead to an instant successes with few obstacles in the process of venture creation. In the literature on new venture creation, the choice of resources and other elements of organisational form/conduct, and their availability and utilisation have been treated by and large, as a matter of routine rather than an issue of strategic consequence. The fact, however, is that the initial choices delineate the future entrepreneurial choice by opening up new opportunities and restricting some, as the firm develops a sense of commitment for the choices made earlier⁴².

There are several choices available for the same business concept about the technology used in each part of the value chain, location of the production facility and different categories of resources. All choices, of course, are not mutually exclusive as one choice may dovetail into another or rule out some others. For example, the choice of a particular technology may be associated with the use of imported machines and raw materials, which may restrict the choice of domestic supply.

There are alternative choices of resources and different components of organisational form/conduct available to the entrepreneur and subsequently to the resultant organisation. Thus, there may be several possible combinations of different elements of an entrepreneurial venture. The choice of each combination leads to a different interactive dynamics among the various elements of the framework as each choice evokes different responses in the environment and gives rise to different organisational form/conduct and outcome. It is evident from the above discussion that the choices made by the entrepreneur from amongst those available and acting upon them at different stages of the development of a venture are the key elements of entrepreneurship. It is also evident that these choices are not made at one go; they are made incrementally, neither being subject fully neither to environmental forces as argued by the population ecology theorists⁴³ nor to the absolute freewill of the entrepreneur alone.

The entrepreneur does, however, have some limited freedom and opportunity to exercise his choice. The degree of freedom to choose, the availability of choices and the choices made by him depend to an extent on the individual characteristics of the entrepreneur, his experience and background, his motive for starting the venture, his persuasive and networking skills, and his strategic intent - a long term vision for the self and the venture. Some authors⁴⁴ suggest that creation of all new ventures are unique to an extent as each entrepreneur brings to bear on the intended venture his own particular combination of background, disposition, and context. Each operates with a different timetable, and each has different visions and goals, different style of functioning, different learning capabilities, and different networks and resources which working in combination lead to different patterns of entrepreneurial actions and choices. However, we tend to believe that the patterns of choices and actions, though individualistic to an extent, do not vary widely across the board for every single venture when linked with the environmental and entrepreneurial contexts.

Integrating the Different Schools

It is clear from our discussion that for developing a comprehensive theory the focus of research should be on exploring the environmental and organisational variables related to an entrepreneurial venture, and the psychological and sociological dimensions of the individual entrepreneur belonging to different types. It is worthwhile to explore how the venture creation process, choices of business and of subsequent organisational form/conduct, and the environmental and organisational variables at different stages differ for each type; and what kind of impact on the environment at large are made by the outcome of the ventures created by each type of entrepreneur.

However, none of the existing schools of entrepreneurship research alone can help us comprehend adequately all these aspects and linkages among them. Different schools can provide useful and valuable insights into specific facets: How some of the major schools can enrich the proposed framework is explained below.

Drawing on Sociological/Psychological Analysis

Sociologists, for instance, can help us understand why certain societies produce a larger number of entrepreneurs than others. This would require exploring the influence of society and culture on entrepreneurship⁴⁵. Baumol has recently suggested that there is a strong link between the entrepreneurial manifestation and reward system operating in a society at a given point of time. Glade on the other hand observes that the entrepreneur is a decision maker operating within a specific socio-economic and cultural setting, called the 'opportunity structure'. He is the first among the entrepreneurship researchers who made the distinction between the perception and objective existence of opportunities and availability of resources⁴⁶. Building upon his idea several researchers have developed models of venture initiation consisting of many situational and cultural factors⁴⁷. There is ample scope for utilising these approaches in the proposed framework.

Many in the recent years have questioned the findings of the psychological school⁴⁸ which has tried to examine whether the entrepreneurs have psychological traits and demographic backgrounds different from those of the rest of the population or of groups like managers⁴⁹. However, research in the psychological and sociological aspects of entrepreneurship is necessary to answer questions like why entrepreneurs become entrepreneurs, why different entrepreneurs make different choices, what kind of influence the environment has on them, or why different types of entrepreneurs create different kinds of organisation. Also, psychologists in recent years have become more aware of the pitfalls in their analysis and have employed improved methodologies for investigating the entrepreneurial phenomenon. Some studies in the last decade for instance, have tried to look at entrepreneurs within the organisational contexts, thus making the research more rigorous and findings more reliable⁵⁰. Shaver and Scott have proposed a schema based on persons, processes and choices which goes well beyond the identification of specific personality variables. Such efforts to a large extent, may refine the psychological theory of entrepreneurship and minimise the problems identified by the critics of this school⁵¹.

Contributions of both psychological and sociological schools in these directions may be useful in explaining the causal linkages of the entrepreneur and the patterns of his dominance over the other constructs at different stages of the development of a venture - or to be more specific the linkages 2, 3, 4, and 7 in Figure 1.

Role of Network Theories and Process Research

Social network theory observes that the entrepreneurial process involves gaining access to gathering of scarce resources, which for a variety of reasons the budding firm does not possess internally, from the environment through personal network of the entrepreneur⁵². Aldrich and Zimmer observe that social networks of entrepreneurs may facilitate or constrain their activities, and are often a crucial component of an entrepreneurial venture⁵³. Ramachandran and Ramnaryan have also noted that pioneering - innovative type of entrepreneurs tend to demonstrate higher networking tendencies by going beyond the circle of immediate family or friends to the community and industry⁵⁴.

As already mentioned, there has been significant advancement in research efforts in the last one decade to identify and explain the processes through which the entrepreneur interacts and manipulates the environment, builds and controls the organisational form/conduct, and influences its outcome. Gartner has conceptualised the sequence of venture creation process as locating a business opportunity, accumulating resources, marketing of products and services, building an organisation and responding to government and society⁵⁵. Larson and Starr have also proposed a network model of organisation formation, building upon theories of social and socio-economic exchange. The model presents the iterative processes involved in exploration, screening, and selective use of networks to secure the critical economic and non-economic resources needed to create a venture⁵⁶. More recently, Bhawe has provided a detailed description of the entrepreneurial process and presented a model of venture creation process grounded on empirical research. While proposing the business concept, production technology, and product as the core variables, he has divided the venture creation process into three broad stages - the opportunity stage, the technology set-up and organisation creation stage, and the exchange stage⁵⁷.

However, more research by the emerging school of process research and the network theorists are required to capture how organisation manages the environment and internal dynamics towards an outcome which in turn leads to a new set of entrepreneurial choice depending on the degree of success or failure of the venture. Even at their present stage, however, researches in this category can explain to some extent linkages 2, 3, 4, 5, 6, 7, 8, and 9 in Figure 1.

Inputs from Economic Theories

Most researches and analyses of entrepreneurship by the economists are concerned not only with the supply of entrepreneurs but also with the resultant effects of the entrepreneurial venture. Knight, Dowling, and Brown in a study of five industries found strong evidences that many environmental changes were causally related to 'new combinations' and discontinuity⁵⁸ resulting from the industrial units in question. Van de Ven had argued that the infrastructural environment comprising institutional

arrangements and public resource endowments facilitate as well as constrain individual entrepreneurs; it is both constructed and changed by them⁵⁹. Concepts such as circular flow, innovation clusters, creative destruction⁶⁰, structural change in industry, competitive environment and political and legal framework, are all linked with the environmental form/conduct, entrepreneurial choice and the organisational outcome. Thus, for explaining linkages 1, 9, and 10 in Figure 1⁶¹, we can benefit from the contribution of Economics to the theory of entrepreneurship.⁶²

Corporate Entrepreneurship and the Proposed Framework

The framework can easily be extended to explain corporate entrepreneurship as well. For, all the three fundamental questions articulated by Stevenson and Jarillo are applicable to corporate entrepreneurship too. In the corporate context the entrepreneur is either an employee or a group of employees of the organisation which through the same process of venture creation as an individual with the only distinction that the existing organisation becomes a part of the environment form in our framework and may thus serve some of the functions that the outer environment serves for an individual such as providing information through market intelligence, lending technical expertise or assisting with financial and other resources.

Conclusions

We can thus see that, by directing our research efforts based on the proposed framework, theories enunciated by different schools and disciplines can be made to converge and reinforce one another, and thus help to develop a comprehensive understanding of entrepreneurship.

Empirical testing is essential for any framework to prove its effectiveness in capturing reality and to make it complete and robust. Empirical research in entrepreneurship informed by the proposed framework may confront two major problems: one relates to the conceptualisation and operationalisation of different constructs and the other to the development of an appropriate analytical scheme to measure and analyse various variables and their interconnections. Given the myriad of relevant variables underlying the constructs included in the framework and the complex, fluid and evolving interactions among them, vigorous statistical testing of the framework is impractical, if not impossible. Several researchers have tried to reduce this problem by concentrating on only a few variables at a time like environmental properties, entrepreneurial innovations, firm strategy and performance, and used multi-variate statistical techniques to find correlations among them⁶³. Limitation of this method is quite obvious; it can not capture the interactive dynamics of numerous variables and may thus lead to simplistic generalisations.

Entrepreneurship is a phenomenon of emergence, it evolves over time⁶⁴. Understanding entrepreneurship requires observations over a period time. Bygrave has rightly observed that entrepreneurship research is still at its early stages and should be directed towards empirical observations and longitudinal studies⁶⁵. A large number of in-depth longitudinal case studies of entrepreneurial ventures by different types of entrepreneurs will help us identify relevant and significant variables for each element in the proposed framework and their complex interrelationships.

Propositions can be developed from these studies for subsequent empirical verification and generalisation. Research in this direction can help us build a comprehensive and unifying theory of entrepreneurship which has eluded us so long.

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