

Chapter 5

Entrepreneurship Strategies in the Arab World: Analytical Perspective vs. Practice Perspective

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ABSTRACT

The aim of this chapter is to explore the concept and practical implications of entrepreneurship and its importance in developing new projects, and to encourage Arab youth self-reliance by using entrepreneurship as a tool for creating value and developing successful and unique ideas. This leads to a discussion of entrepreneurship strategies in business, highlighting that the success of any new entrepreneurial projects depends on having appropriate opportunity, sufficient resources, and dedicated leader. Once these factors are in place, the entrepreneurial project must adopt an appropriate strategy, new entry, imitating, or adaptive strategy. The chapter is divided into four parts. The first presents the concepts of leadership and pioneering projects and their importance in community development. The second deals with the analysis of a pilot project. The third deals with analyzing, discussing, evaluating, and criticizing entrepreneurship strategies. And the fourth presents a summary of the subject and a set of recommendations. The chapter concludes with recommendations and suggests solutions to ensure effectiveness of the adopted entrepreneurship strategy.

INTRODUCTION

Entrepreneurship is widely viewed as a process that involves activities and tasks leading to the creation of a new business by the owner or a manager who are usually referred to as the entrepreneur (Miles et al., 2003).

Also entrepreneurship is defined as the “capacity and willingness to develop, organize and manage a business venture along with any of its risks in order to make a profit” (Tyszka et al., 2011) emphasis of the risks associated with the launching and operating of the new business in this definition is common

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across most of the entrepreneurship definitions, due to the focus the perceived high risks in the creating and launching new start-ups, and a general impression that a high ratio of failure among new start-ups due to a variety of reasons including; poor business planning, issues related to funding, poor decision-making, market demand issues, economic crisis among other things (Belicove & Mikal, 2012). However, the 'Entrepreneur' could also be viewed as "An entity which has the ability to find and act upon opportunities to translate inventions or technology into new products". In other words, the entrepreneur has the ability to spot and identify "commercial potential of the invention and organize the capital, talent, and other resources that turn an invention into a commercially viable innovation." Audretsch, et al, 2002). Clearly, this highlights the innovation aspect of entrepreneurship, as an important activity.

Another important aspect of entrepreneurship that is indicate in the Dictionary.com (2018) is its aiming to make profit, through taking initiatives and risks as part of managing the business enterprise. In fact, the role of entrepreneurs is critical to the success of the business enterprise, by managing and overseeing the business creating, launching and running, with a focus on a clearly defined aims and objectives that are linked to the vision and mission of the owners.

From another perspective, entrepreneurship can be defined as "the process by which either an individual or a team identifies a business opportunity and acquires and deploys the necessary resources required for its exploitation" (Miles et al., 2003).

According to Shane (2003), entrepreneurship requires the following conditions to be fulfilled; "1) there must be opportunities or situations to recombine resources to generate profit, 2) entrepreneurship requires differences between people, such as preferential access to certain individuals or the ability to recognize information about opportunities. Third, taking on risk is a necessary. Fourth, the entrepreneurial process requires the organization of people and resources".

Although early work on entrepreneurship by Richard Cantillon and Adam Smith goes back to as early as the late seventeenth and early eighteenth centuries, it was much later, in the 1970s that entrepreneurship has resurged profoundly, in business and economics. The modern definition and understanding of entrepreneurship in the twentieth century, is credited to the work of the prominent economists including; Joseph Schumpeter, Carl Menger, Ludwig von Mises and Friedrich von Hayek. For instance, Schumpeter, defined an entrepreneur as "a person who is willing and able to convert a new idea or invention into a successful innovation", and that "creative destruction" is used by entrepreneurship to replace inferior innovations across markets and industries, simultaneously with the creation of new products and business models, culminating in the industry dynamism, and economic growth, that is long-term, substantial and tangible. An alternative proposition suggests that the majority of innovations may be much more incremental improvements.

Nevertheless, effective entrepreneurial opportunities could be ensured through a methodical process approach that includes the following tasks (Hisrich & Robert 2011):

- The development of a business plan.
- The hiring of suitable and competent human resources
- The acquisition of both financial resources and material resources
- The provision of a visionary and inspiring leadership
- The stipulation of the principles of responsibility and accountability for both success and failure
- The minimization of threats to the enterprise through applying a Risk Aversion Strategy.

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