

Chapter 9

Entrepreneurship and Entrepreneurial Ecosystem: Effects of COVID-19 and the Role of ICTs

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ABSTRACT

Businesses that cannot sustain innovation are likely to fail. The success of small businesses depends on their ability to adapt to the rapidly changing environments. Nowadays, the COVID-19 pandemic brings new challenges in adopting to the changing environment and lifestyle. In addition to the limitations that came with COVID-19, the entrepreneurship ecosystem includes a wide variety of factors that affect the entrepreneurship process and have an impact on the success or failure of entrepreneurs. In this chapter, a review of the concept of entrepreneurship, definition of an entrepreneur and its key features, motivation factors of entrepreneurship, role of ICTs in entrepreneurship, and basic entrepreneurship terms are summarized. Entrepreneurship has a significant role in increasing the welfare of societies and developing new technologies. Thus, fundamentals of entrepreneurship and the ecosystem are important for professional and candidate entrepreneurs who seek guidance in transforming their business ideas into results.

INTRODUCTION

Entrepreneurship is almost as old as the history of mankind; however, it has not found a place in economic theory for a long time until 20th century (Gümüšoğlu & Karaöz, 2014). As Gümüšoğlu and Karaöz (2014) states, Adam Smith, who defined capitalism in his study “Wealth of Nations”, correlated capitalism with entrepreneurship in 1776. In the 18th century, Richard Cantillon defined the French word “entreprendre” and German word “unternehmen”, then the use of the English word “entrepreneurship” has become a commonly accepted concept. In 1942, Schumpeter described some principles of modern

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entrepreneurship by emphasizing that capitalism can never be static due to its nature and it should be seen as an evolutionary process (Schumpeter, 1992). Such an evolutionary approach in entrepreneurship is a necessity as the societies and their economies are changing over time due to differentiation of “products” in a given period of time (Bögenhold, 2019). Today, technological revolution and advances in Information and Communication Technologies (ICTs) are re-shaping the fundamental product needs of the society (Audretsch and Chowdhury, 2011). Understanding of what entrepreneurship is and the success of an entrepreneur depend on a large variety of factors that are hosted by the entrepreneurship ecosystem. Social, economic, health and political scenarios significantly affect the success of the different settings that compose the entrepreneurship ecosystem (Guerrero, & Espinoza-Benavides, 2020). This is way it is hard for academic studies to degrade entrepreneurship to a single and inclusive model in understanding the context of entrepreneurship (Audretsch, Lehmann, & Schenkenhofer, 2020). Entrepreneurship refers to the entire processes of taking risks, pursuing opportunities, realizing these opportunities and making innovations (Polat, 2011). Today, advances of societies, emergence of new technologies and employment increase depend largely on entrepreneurship. The concept, entrepreneurship ecosystem, was first coined by B. Cohen in 2006. In order to achieve sustainability of entrepreneurship, these interacting factors should be addressed with a holistic approach. It is important for the entrepreneur to be aware of the existing risks that are inherited from the ecosystem and to plan entrepreneurial activities to avoid and mitigate entrepreneurship risks. Many entrepreneurs are often not well prepared for handling these risks when starting a new business. Without a business plan or a business model that would at least help them know what should be done in the next step, they are vulnerable to risks.

The greatest presumable risk to be encountered in the entrepreneurship adventure is the inevitable and continuous need for change. Businesses operate in a constantly changing and competitive environment. In particular, COVID-19 brings new challenges to adopt to the changing environment and life style. These changes would be tolerated with technology-based initiatives, but in order to fully meet the adaptation needs to changes, organizations should internalize a creativity and innovative culture and raise awareness regarding their competitors in the market. Especially small businesses that cannot innovate to create value are likely to fail. In order to survive and manage environmental uncertainty caused by COVID-19, businesses need to have new action plans to sustain innovation. In addition to the limitations that came with this pandemic, the entrepreneurial ecosystem includes a wide variety of factors that affect the entrepreneurship process and have an impact on the success or failure of the entrepreneurs. Therefore, it is crucial to understand context of entrepreneurship and it's ecosystem. This chapter provides a review of the concept of entrepreneurship; such as corporate and social entrepreneurship, definition of an entrepreneur and it's key features, motivation factors of entrepreneurship, place of ICTs in entrepreneurship and the basic entrepreneurship terms such as start-up, innovation, research & development, project, business model, business incubator, pitching, maker and capital investments; seed funding, angel investment, venture capital investment and series A-B-C. Entrepreneurship has an important role in increasing the welfare of societies and developing new technologies. Entrepreneurs aim to make their dreams come true and accomplish their plans, and their success depends on their talents as well as their know-how. Thus, gaining the fundamental knowledge about entrepreneurship and entrepreneurial ecosystem is a necessary step to be taken by entrepreneurs. So, fundamentals of entrepreneurship and the ecosystem is important for professional and candidate entrepreneurs who seek guidance in transforming their business ideas into results.

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