

BOOK REVIEW

**ENTREPRENEURSHIP NEW VENTURE CREATION, BY DAVID H. HOLT.
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PP.**

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Abstract

Globally the field of entrepreneurship has gained acceptability over the decades. While the concept of enterprise development has been extensively studied, the entrepreneurial ecosystem that initiates, supports, and fosters the idea of new venture creation requires further examination. This work gives a review of the book Entrepreneurship New Venture Creation, by David H. Holt. The purpose of reviewing this book is to deepen an understanding of entrepreneurial process, explore the nature of entrepreneurship, models for new venture creation and ways for entrepreneurs to succeed. Despite its subtitles focusing on profiles and biographies of entrepreneurial events and real people in the USA's context, the book is of immediate relevance to Tanzanian entrepreneurs. Details of the main weakness of this book are discussed and future improvements are recommended to give this book a more shining role towards this highly important subject in this era of innovations in entrepreneurship. Nevertheless, it is a very good resource for entrepreneurs, researchers, university lecturers, students and policy makers both locally and internationally.

Key words: *Entrepreneurship, New Venture, and Venture Creation*

ABRIDGEMENT OF THE BOOK

The contribution of entrepreneurship to socio-economic development has been the subject of growing interest among scholars, entrepreneurs, policy makers and others interested parties in the entrepreneurship development. Basically, this interest primarily emanated from the need for new approaches and techniques to clarify the entrepreneurship phenomenon and its broader societal transformations.

There is an absence of books which bump up aspects of entrepreneurship and new venture creation. The book on Entrepreneurship and New Venture Creation, by David H. Holt gives an exceptional approach to fill this gap. The absence of clearly demarcated boundaries and definitions for the two concepts has been open for discussion over the years. What is of particular interest is the way Holt has structured well this dialogue both conceptually and contextually. The book complements and goes beyond the existing theories of entrepreneurship and small business management as presented by many other books (e.g. Scarborough, 2011; Roy, 2010; Olomi, 2009; Gupta and Kanka, 2008). The book is organised into three (3) parts each with a number of chapters. All the chapters follow the general format: chapter objectives, check points, profiles, synopsis for learning, notes, exhibits, cases, and case questions. The key identified strength of the book includes: tight editing, varied, well written, and easy to follow chapters, diagrams, cases and extensive lists of notes.

The first four chapters (1-4) form part 1 and they focused on entrepreneurship and free enterprise. The chapters focused on entrepreneurship and venture opportunities,

entrepreneurship and innovation; small business and corporate entrepreneurship; and model for new ventures feasibility planning. Chapter one (1) is a foundation chapter which defines entrepreneurship and describes entrepreneurial characteristics. It also addresses small business and corporate entrepreneurship, focusing on current issues and trends of new venture development. Chapter two (2) introduces entrepreneurial concepts of creativity and innovation. It further describes how entrepreneurs identify ideas and opportunities and convert them into commercial ventures. The common myths of entrepreneurship and real-world practical examples and cases of successful entrepreneurs are also part of this chapter. Chapter three (3) addresses small business and corporate entrepreneurship. The chapter further gives details of family-owned and personal service businesses. Author further describes how corporate entrepreneurs patch up their careers with their entrepreneurial aspirations. Chapter four (4) comes up with the model for planning a new venture. This model is considered to be the foundation for the whole of the text.

Part two of this book is spanned into three (3) chapters (5-7) which gives concepts of product and service for new venture. This part is further focused on developing products, obtaining legal protection for them, and creating new service business. Chapter five (5) addresses products and service concepts. The topics include inventions, technology, new processes and service concepts. Chapter six (6) discusses protection mechanisms in terms of patent, copyright, and trademark. The main arguments in this chapter are focusing on problems facing entrepreneurs in protection of their ideas, products, and services. Strategies to resolve such problems are also part of this chapter. Chapter seven (7) focuses on information age by giving details of service related business ventures, prevailing challenges and opportunities in developing new services.

Next is a set of three (3) chapters with a focus on marketing and new venture development under part four (4). The idea behind is the relevance of marketing as a critical dimension of all new ventures addressed in part three (3). Chapter eight (8) presents the context and relevance of marketing and marketing research in new ventures. The idea is to alert users of this book the responsibilities of conducting marketing research and show how entrepreneurs must set about to effectively accomplish it. Chapter nine (9) is describing the marketing strategies of new ventures from their start-ups to growth stages. Further the chapter describes the key element of marketing plan and its relevance to a new venture. Chapter 10 addresses international marketing opportunities and strategies for a new venture aspiring to go internationally. With the dynamics of the international marketing environment, opportunities and challenges are also addressed herein.

Lastly the final part of the text is part four (4) which explains aspects of organizing and financing and managing new ventures. Chapter 11 introduces entrepreneurial team, human resources practices in a new venture, legal structures and contracts and business formations. Chapter 12 bridges aspects of organization and franchising by introducing how entrepreneurs buy existing business and franchising practices. The focal point of Chapter 13 is on methods of financing new ventures. The chapter further gives details of debt, equity sources and venture capital. Chapter 14 addresses management responsibilities for new and growing ventures. It also describes challenges ventures are likely to experience as they are in transition stages from start-up to mature enterprise.

CRITICAL EVALUATION OF THE BOOK

This book provides a historical perspective and systematic presentation of elements in founding a new venture. It constitutes the checkpoints, questions examples and illustrations which are designed for easier understanding and memorizing the entrepreneurial process. The book is a very good resource for researchers, university lecturers and students especially those pursuing business studies, entrepreneurs, government agencies offering Business Development Services

(BDS) at all levels, policy makers, researchers and scholars with interests in entrepreneurship development. The organisation of this book is so amazing that it has distinguishing features that provides a historical perspective of entrepreneurship, followed by a logical presentation of the elements in a new venture creation.

All the chapters are organised in a way that students will easily be introduced to entrepreneurial process with chapter objectives, the subject matter, practical examples, illustrations, checkpoint questions and synopsis which assures continuity and reinforcement. Interestingly, each chapter has two short real-cases that pose real-world problems that entrepreneurs face and therefore lecturers or instructors can use them for classroom discussions or even assign them to his/her students for mini-research. Discussion questions and exercises are also given to challenge students to apply concepts presented in each chapter which is common in many books on entrepreneurship (e.g Gupta and Kanka, 2008; Roy, 2010). The book has about 50 biographies of successful entrepreneurs, 40 exhibits and boxes items, and 200 examples aimed at illustrating the real-world results of new ventures and entrepreneurial events all woven into the fabric presentations. The book has two appendices which can be used as integrated teaching and learning material. Appendix A (pg. 486) gives a clear guideline and remarks which assists students in developing a simplified business plan with a specific focus on pre-start-up feasibility study in a written form. To cement this, appendix B (pg. 492) gives an actual business plan with real-world data presented as the promoters of the business wrote it in preparations for launching a new venture. This is a very interesting innovation by the author of this book and can be adopted by local authors in the area of entrepreneurship and related disciplines as it orients our students in the aspects of practical realities.

Furthermore, the book used world class profiles and biographies to reflect the actual entrepreneurial events and real people. Among those people profiled include Irving Berlin (1888-1989) (pg. 10), William Gates III the founder of Microsoft Corporation (pg.44), King Gillette who came with the idea of safety razor and later on Gillette Safety Razor Company (pg. 75), John D. MacEachron who formed LeaseAd company that developed real-estate system for Xeron to solve corporate property management problems (pg. 83). Others include Thomas Watson Sr. who founded the international Business Machines (IBM) (pg. 91), Wilson Greatbatch and his inventions of the Pacemaker (pg.120), Nolan Bushnell an electronic engineer who came up with video games (pg.34) and Thomas Monaghan of Domino's Pizza. This sets an exemplary way of acknowledging those who contributed to innovations and entrepreneurship development through their ventures. Tanzanian authors should also do this to inculcate entrepreneurial tendencies among students by including profiles of the top ten local business moguls in the private sector like Mohamed Dewji, Rostam Azizi, Said Salim Bakhresa, the Late Reginald Mengi, Ally Awadh, Shekhar Kanabar, Subash Patel, Ghalib Said Mohammed, Fida Hussein Rashid, And Yusuf Manji (Forbes, 2018).

Chapter one is on entrepreneurship and new venture opportunities. It describes how entrepreneurship evolved from the economic theory, entrepreneurs and their characteristics, small business as a dimension of entrepreneurship, and corporate entrepreneurship. One would expect the first chapter to start with details on the history of new venture creation which goes back to Darwin's days. Indeed, the author was to give historical perspectives of new venture creation as from the 1900s until 1970s which is dominated by the works of famous scholars like Schumpeter (1912, 1934) and Hannan and Freeman (1977) who elaborate the evolution of firms at the macro level. This was followed by the ideas of Van de Ven et al. (1984) and Gartner (1985) who capitalized on the micro and meso levels. The author therefore ought to have attempted to answer the following questions: (i) What is the evolutionary trend of new venture creation theories? (ii) What are the key theories in the field of new venture creation at micro,

meso, and macro levels? And, (iii) What are the main stages in the process of new venture creation?

In Chapter four (4) the author presents the model for planning a new venture where he considered this as the foundation for the whole of the text. However the text did not include pre-venture planning and its contributions to new venture creation. It is the view of this review that the chapter would have covered the essence of business planning for new venture prior to its initiations. Globally, the relevance of business planning at this stage is evident by Liao and Gartner (2008) that entrepreneurs who complete a business plan are six (6) times more likely to get into business than those entrepreneurs who don't complete a business plan. In the context of developing countries, millions of small ventures are started every year in developing countries, however, more than a quarter (1/4) of these die within their first year (McKenzie and Paffhausen, 2018). This review put emphasis on the inclusion of business planning as it is a very important aspect of the pre-venture planning. This is supported by the fact that business planning has a positive effect on the new venture emergence (Wei, Long, Li, & Cheng, 2018), helps to identify potential enterprise opportunities, risks, have adequate records about enterprise performance, and projections of future growth potentials (Gupta and Kanka, 2008).

The author was well organised and smart in the way he put up his arguments. The language used was simple and straight forward, supported with profiles and case studies. However, author should have discussed issues related to access to BDS as it is argued to be a third challenge after finance and marketing that most ventures face (Mori, 2014). Authors should note that BDS are a very important means for new venture development (Mwaanga, 2014) and that the most successful enterprises are the ones with access to and use of BDS (Ng'ang'a, Ngugi, & Odhiambo, 2014; Osinde, Iravo, Munene & Omayio, 2013). They help to improve daily operations, strategic decisions that help them identify and service markets, design products, set up facilities, and seek financing (Mori, 2014). Further, BDS help new ventures to acquire new skills, products, knowhow, technology, markets and tend to facilitate their growth (Kessy & Temu, 2010). As a result they enable new ventures to grow, and operate efficiently both locally and internationally.

In chapter eight (8) the author gives details of financial resources for new ventures (pg 419-453). The focus of this chapter was on venture assets management, Equity financing, the role of venture capital in financing, sources of debt financing for new and expanding ventures, and Government programmes which assists in financing new ventures. The essence of all these comes from the fact that it is not easy for entrepreneurial venture to access funds as they are generally considered more risky than the established enterprises (Eveleens, 2019; Holt, 2006). However, even those few entrepreneurial ventures accessing finance, have displayed problems with financial management and records keeping. Therefore, author ought to have presented and discussed briefly at least matters of Accounting for new ventures. This should focus on maintenance of account books for new ventures, books of original entry, ledger, and preparations of trial balance, final accounts, and accounts from incomplete records. All these are very important for a start-up as proper financial and accounting records make it possible for the owner to exercise effective control of funds, know the profitability and overall venture performance (Gupta & Kanka, 2008).

CONCLUSIONS AND RECOMMENDATIONS

In conclusion, this book is of unique reference and great interest to entrepreneurs, researchers, university lecturers and students especially those pursuing business studies in undergraduate and postgraduate levels. It will also be of great assistance to policy makers both locally and internationally and others with interests to recent developments in new venture creations and entrepreneurship development. In particular, the book opens up unique research opportunities in

the field of venture creation and growth. It also provides both theoretical and policy implications with very useful global practical realities. This review therefore recommends the inclusion of perspectives and history of new venture creation, pre-venture planning, business development services, and accounting for new ventures to give this book a more shining role in strengthening new venture creation and entrepreneurship development.

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