Chapter 13
Startups, Corporate Garage, High Growth Firms, and Their Entrepreneurial Environment

ABSTRACT
Given the importance of entrepreneurship to the emergence, design, management, and growth of enterprises, this section of the book intends to provide some insights into three recently observed combined phenomena. The first one is the phenomenon of the explosive growth of entrepreneurship activity via new startups (mostly technology- and innovation-based) and that of corporate venturing, called “corporate garage.” The second phenomenon is that of the growing importance of the High-Growth Firms (HGFs). These two phenomena are dealt with in this chapter. Finally, the third phenomenon, which is less well known, but can be understood as a foundation for the former two, is the importance of the business context, or environment, in which enterprises emerge, operate, and grow, and which is perceived by the growth of importance of concepts such as ecosystems, platforms, and architectures, which are examined in detail in Chapter 14.

1. INTRODUCTION
As defined by Baumol et al. (2011), at its most fundamental level, entrepreneurship is about successful development and commercialization of novel ideas. In alignment with Prof. Robert Lucas’ argument of the role of ideas on growth ((Lucas, 2008) shown in Chapter 11 of this book, these authors stress that the process of entrepreneurship requires highly educated individuals who will refine and improve the new products and processes provided to them by the nations’ inventors and their entrepreneurial partners. The authors state that a strong education system – primary, secondary, college, and post-college – plays a vital role in the creation of the human capital necessary to ensure the availability of the requisite talent.

Thus, the authors stress that there is a good reason to conclude that the U.S. owes much of its economic success to its enviable record in providing universal primary and secondary education to its citizen and, perhaps even more important, to its university system and the postgraduate education that it offers not only to its own community but to the leaders in research throughout the world.

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The traditional view of the entrepreneurial function implies the discovery, assessment and exploitation of opportunities, in other words, new products, services or production processes; new strategies and organizational forms and new markets for products and inputs that did not previously exist (Shane and Venkataraman, 2000). The entrepreneurial opportunity is an unexpected and as yet unvalued economic opportunity (Cuervo et. al., 2010).

Entrepreneurial opportunities exist because different agents have differing ideas on the relative value of resources or when resources are turned from inputs into outputs. The theory of the entrepreneur focuses on the heterogeneity of beliefs about the value of resources (Alvarez and Busenitz, 2001: 756) (Cuervo et. al., 2010).

Entrepreneurship –the entrepreneurial function- can be conceptualized in the traditional view as the discovery of opportunities and the subsequent creation of new economic activity, often via the creation of a new organization (Reynolds, 2005) (cited in Cuervo et. al., 2010).

In this way, by recognizing the importance of entrepreneurship to the emergence, design, management and growth of enterprises, this Section 5 of this book provides some insights into three recently observed combined phenomena. The first phenomenon is the explosive growth of entrepreneurship activity via new startups (mostly technology and innovation based) and that of corporate venturing, called here as ‘corporate garage’. The second phenomenon is that of the growing importance of the high-growth firms - HGFs. These two phenomena are dealt with in Chapter 13. And finally, the third phenomenon, which is not easily recognized by the layman, but one that can be understood as a foundation for the former two, is the importance of the business context, or environment, in which enterprises emerge, operate and growth, and which is perceived by the growth of importance of concepts such as ecosystems, platforms and architectures, which are examined in proper detail in Chapter 14.

2. BACKGROUND

If one wishes to know whether the recent rising interest in the subject of entrepreneurship is ephemeral or, on the contrary, is solidly grounded with a promising future, it is only necessary to have a look at the book descriptions of the growing literature is this emergent field. One example that can be given is that of the Handbook of Entrepreneurship Research, edited in 2011 (in its second edition) by Zoltan J. Acs and David B. Audrestsch. In the web site at the Amazon.com book store this book is described in the following way:

*Interest in and attention to entrepreneurship has exploded in recent years. Nevertheless, much of the research and scholarship in entrepreneurship has remained elusive to academics, policymakers and other researchers, in large part because the field is informed by a broad spectrum of disciplines, including management, finance, economics, policy, sociology, and psychology, often pursued in isolation from each other. Since its original publication in 2003, the Handbook of Entrepreneurship Research has served as the definitive resource in the field, bringing together contributions from leading scholars in these disciplines to present a holistic, multi-dimensional approach. This new edition, fully revised and updated, and including several new chapters, covers all of the primary topics in entrepreneurship, including entrepreneurial behavior, risk and opportunity recognition, equity financing, business culture and strategy, innovation, and the impact of entrepreneurship on economic growth and development. Featuring an integrative introduction, extensive literature reviews and reference lists, the Handbook will continue to serve as a roadmap to the rapidly evolving and dynamic field of entrepreneurship.*

At the same Amazon.com, the book description of other important handbook, entitled ‘The Oxford Handbook of Entrepreneurship’, edited in
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