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RESEARCH ARTICLE

Work in the light of investment.

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Abstract

Nowadays, entrepreneurship is one of the main concerns for many managers. Using entrepreneurs and investors' innovative ideas can provide a source for great changes in organizations and for dynamic economic development in a country.
On the other hand, by have a quick look at many successful organizations, we can find out that in order to be the best in the field of global competition and earn a major share of business market, they created new commercial opportunities and made the global markets more dynamic by spreading entrepreneurial culture at all levels of organizations, allocating credits, motivating, planning and policy, supporting managers and creating entrepreneurial teams in organizations.
Entrepreneurship is considered as one of the cheapest instruments which cause the best results and has maximum efficiency for economic development of a community, therefore; the culture which is required for this goal is so important. In this paper, we discuss about entrepreneurship, its types, investment and risk-taker investment.

Introduction: -

Entrepreneurship is a new techno-economic phenomenon, which has led economy and industry world itself is changing with surprising consequences in the last two decades. Now that our economy plagued by failures, shortcomings and mismanagement that led to the abnormal situation of unemployment, low GDP, decline of public investment, the weakness in exports and diseases such as this is, a glance the global economic situation leads us to believe that the growth of entrepreneurship and entrepreneurial culture provided the artistic, cultural, features, capabilities and Iranian tastes blended only way to cure the disease and prevent deterioration of the economy today is tomorrow (Ahmad Purdariani, 1383). Due to the reason that the importance of entrepreneurship is essential planners and government agencies with the full support of the entrepreneurial process and comprehensive planning, growth and promote a culture of entrepreneurship to provide. The evidence shows that entrepreneurship training programs can therefore, be nurtured. Technical knowledge management theorists who see entrepreneurship virgin believe that entrepreneurs can be taught in the classroom and are thriving. So entrepreneurship is now one of the most important and most extensive university activities has become (Ahmad Purdariani, 1381). Universities are required to develop and promote entrepreneurship education think, because the younger generation needs to know how to unsafe environments and complex and changing laws and regulations in the labor market is flexible to operate. The structure of the educational system should be set so that free-graduates can work in the future for entrepreneurs in society. The economic structure is radically different today from the past. The following are definitions of entrepreneurship and its variants, from the perspective of different schools of entrepreneurship, venture capital and its definition, process indicators, and the VC paid (Moqimi, 1382).

Descriptions: -

Entrepreneurship:is a word that could not be perceived through the word itself. It is originated from the French word “Entreprender” which means to devote and promise something. Schumpeter puts it as a conception which plays a dynamic role in economic promotion. Without entrepreneurship no economic promotion could be achieved by nations and countries. Indeed, it has been not only, considered as a driving, constructional and economical force, but also it has been noted as a powerful dynamic social factor.

In addition to the promotion of economic activities of private sector, reducing unemployment, increasing the skills in trading and manufacturing, and economical interests, Entrepreneurship has a dynamic and transformative and evolutionary social role. Expansion of social networks, increase of skills of citizenships, efficient utilization of resources, and … are the benefits of entrepreneurship activities which are induced into the body of society. (Sheen, 2005). The inventor of the word "entrepreneurship". Richard Cantillon (1730) believes that the entrepreneurs a person who takes risks and buy stocks with clear prices and sells them with unclear prices. Houshlitz believes that: "if the capitalist theorists have totally distinguished believes in so many things, but they are common in just one thing that is along with the expansion of capitalism in capitalist societies, a group people emerges that are called Bourgeois, entrepreneurs. Their activities lead to uncertainty. Entrepreneur as a director, supervisor and coordinator of producing activities is also the programmer and the ultimate decision maker in a manufacturing company (Rdlych, 1985). Indeed, he is the supplier of money and other resources in the company (Histrich et al, 2008). The common aspects of all of these description of entrepreneurship could be summed up as follows:
The entrepreneurs change the values and transform their nature.

- The entrepreneurs have got a common characteristic which is risk taking capability.
- The entrepreneurs need investment but never commit investment by themselves. They take risks but risk is required for each one of the economic activities.
- The people who could take correct decisions can be entrepreneurs and behave like them
- The entrepreneur considers change as a healthy and normal thing. He is always seeking for change and respond to it and detects the opportunities.
- Entrepreneurship is performed just as application of management techniques and concepts, standardizing the products, using the designing tools and procedures and establishing work on training and work analysis.

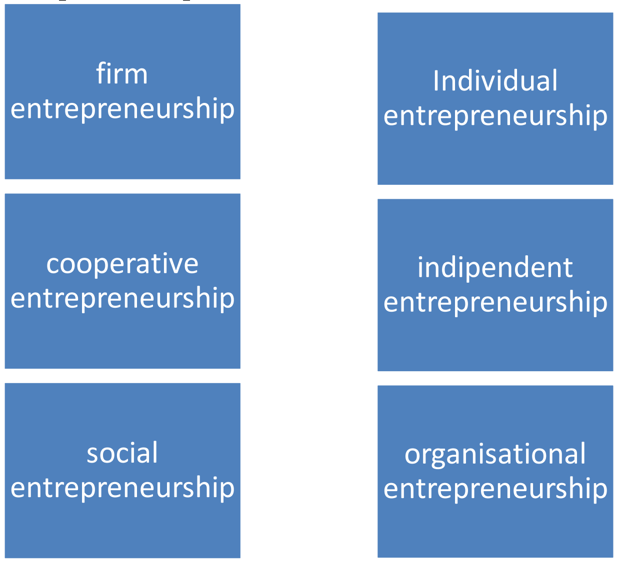
Investing: -

Investment is to sacrifice all current values (which are usually clear) in the hope of other values in future (whose quantity and quality is unclear). In other words, the investor sacrifices a value to achieve an intended value for future just like purchasing stocks to gain determined interests in future. The venture investment is a capital which is submitted to new, little, fast growing firms with economical future along with managerial supports. The venture capital is an investment of financial resources for newfounded little companies. The risk-taking investment companies are not seeking persistent, stable and successive incomes for their investment and if the target company is profitable, the interest of their investment is provided by selling their stocks (Salehabadi and Kazemian, 2004).

The Risk –Taking Investors usually: -

- Provide the financial resources of new founded, little fast growing companies.
- Buy the stocks of the company.
- Help to promote the new productions and services.
- Add the value of the company by dynamic cooperation.
- Venture to gain more profit.
- have got long term orientation.

Types of Entrepreneurship: -



Independent entrepreneurship: -

Ronstadt believes that entrepreneurship is a process of wealth creation and independent entrepreneurship is a process through which an individual fulfills his own entrepreneurship activity freely and independently, and for commencing the work he gathers the required resources and along with his initiative ideas and stressing on innovations and promotion of production process (services or products) advances in his work through programming. To establish, grow or expand his own little new company, he requires vast financial support of risky investors and a comprehensive work plan. To make his own business and managing it independently and individually he performs his own opinions and fulfils his new ideas through mixing the financial resources and facilities along with a delicate knowledge of the environment and surroundings.

Organizational Entrepreneurship: -

Fray (1993) introduces entrepreneurship as a process through which a cultural entrepreneurship is induced in a society who achieves creative and initiative products, services and processes through encouragement, support and appreciation.

Corporate Entrepreneurship: -

Corporate entrepreneurship means the commitment of a firm to produce and introduce new products and new organizational systems. And in corporate entrepreneurship means promotion of new activities in the frameworks of the company (Sa'eedi Kia, 2008).

Social Entrepreneurship: -

Social entrepreneurship includes the concept of entrepreneurship in social aspects for non-trading and economical organizations. In contrast to economical entrepreneurs, social entrepreneurs support each other for the others' proposals. The promotion of social entrepreneurs depends on the level of self-devotion and self-sacrifice. From the other hand the social entrepreneurs lack lawful support, legitimation and required resources for promotion of their works (Moghimi, 2003).

Entrepreneurship from point of view of other schools of thought: -

The economists were the first time to take in mind and investigated the entrepreneurship subject. The main reason that the economic schools of thought have considered entrepreneurship turns back to rational behavior of humans toward rare sources. In the beginning of 18th century, Bernard F. De Belidor the French economists, provided more inclusive description of entrepreneurship which includes purchasing work forces and raw materials in unclear cost and selling the products in costs pertained in the agreement. On the contrary to the French who provided more coherent and inclusive descriptions of entrepreneurship, the English economists used three different vocabularies which are: "adventurer", "Undertaker" and "employer" (Hasan Moradi, 2005).

Entrepreneurship from point of view of researchers in behavioral sciences: -
The economists have focused their attention on the economic sphere of entrepreneurship so they neglected the characteristics, social and individual factors affecting the entrepreneur positively or negatively. For this reason, from the very beginning of 20^{th} century, the psychologists, sociologists and behavioral scientists investigated entrepreneurship in order to detect the characteristics and behavioral models of entrepreneurs. In this part, the descriptions provided by behavioral scientists is studied (Ahmadpour, Daryabi, 2004).

Robert Lamb (1952) believes in the role of entrepreneur as a decision maker. He believed that entrepreneurship is a type of social decision making which is performed through economic initiatives and considered the major role of entrepreneurship establishing local, national and international communities and structuring social and economic symbols. McClelland believes: "The manager of initiations who is responsible for decision making, is an entrepreneur so much as a manager. He adds that the entrepreneur is the one who organizes a company or economical entity and increases its production capabilities.

Entrepreneurship from point of view of Management scholars: -
The management scholars through the selection of process procedure, have explained entrepreneurship management and creating an atmosphere of entrepreneurship in organizations. Here some of the most important opinions amongst them (MoosaviMashhadi, 2003). Albert Martin (1971) summarized the following results through the investigation of works of others:

1) The person who possesses an institution and make the order in some of business is not necessarily an entrepreneur.
2) The person who accepts the risk of his investment is not necessarily an entrepreneur, but is just an investor. But an individual who endangers his fame and prestige or some part of the identity of huge organization which is known for its innovative, may have some preconditions of entrepreneurship.
3) In literary or artistic sense, the**individual**is not necessarily an entrepreneur. The entrepreneur does innovate through innovative thoughts but he innovates new things through recognition of the values of thoughts and then utilizing them.

Peter Drucker says that the entrepreneur is person commences new little economical activities with his own investment. David McKeran and Eric Flannigan (1996) considered entrepreneurs as innovative and focused thoughts who seek success and willing to use bypasses. They do work less in accordance with instructions and manuals and establish innovative, profitable and fast growing companies in economic system.

Types of risky investing: -

Specialized and non-specialized risky investment: -
Some of the funds are different and are invested in different industries such as semiconductors and software. The selection of specialized and non-specialized activities are dependent on the capabilities and the strategies of their investment.

The centralized or decentralized investment: -
The activities of funds are different from the aspect of geographical focus. Some are just focused on one city, one state or one country but some others act completely free of geographical restrictions.

Formal and informal risky investments: -
The budget resources for risky investment or the capital organizations are the formal resources for risk taking investment or the wealthy people who are the informal risky investment whom are called business angles.

Now we will describe firm risky investment as one type of formal risky investment. There are two types direct and indirect risky investment.

In the first case, the companies and formal resources invest directly in investee companies, but in the second case the investment is performed through venture capital funds (Rostami and Seighali, 2012).

Corporate Venture Capital (CVC): -
Risky investment on ownership of little companies whose stocks are not introduced in stock market is not restricted to investors and financial institutions, but non-financial firms enter into this field too. The corporates have already

invested on rival, customer and supplier companies to expand their trade relations or to tighten the noose on competitors. This kind of financial suppling is called direct corporate Venture capital which differs from indirect corporate Venture capital which is supplied financially by formal Venture corporates.

Corporate risk taking is one of the most important techniques which is utilized by large companies which seek for promotion and expansion of business. The most famous classification of the activities of venture companies is proposed by Roberts which is titled as "The Venture Strategies spectrums" (Salehabadi, 2005).

Figure 1: Spectrum of venture Strategies (Salehabadi, 2005)					
Investment	Promotion of plan	Birth of the Plan	Performing the plan	venture	
Risky	Risky	Risky	Special Taking Part	Risky	Internal
	Taking part with low risks			Taking part with high risks	
		internal		external	

The Informal Venture Capital: -

There is a more restricted market aligned with formal venture capital which complements it and is called informal venture investment. Of course the word market could be deceptive, because most of the informal venture investment take place outside of the market and is followed by personal contacts.

The informal venture investment includes real persons (which are usually called informal investment, saviors of business or independent investors) who provide the required capital directly for new and growing businesses with which they have not cooperate. The followings are the characteristics of informal venture investment:

a) Investment on fields that the formal venture investors are reluctant to invest on (case such as investment on new dynamic plans). The volume of their investment is low and there is a special tendency to invest on corporates with special technologies.
b) The informal venture investment is not a lot of money but it is not only restricted to financial dimension, but also, come with itself some technologies (in the form of trade, trade-technical knowledge and relations with entrepreneur investor skills). Therefore, these group of investments are called "Smart Money" (Harrison, 1996).

The Process of Venture investment: -

We must know that the process of supplying the venture financial resources and the relations of risk- taking investors with entrepreneurs is a long term issue. If somebody is seeking for fast principles and imagine that can easily reach an agreement with a risk-taking investor to solve his own financial problems, he will be severely astonished when facing with reality. It could be summed up in the 7 following phases:

a) Seed investing: if the idea of subject of investing is already fed up, then there is no need to perform this phase. The phase is indeed executing a research project which could performed in a university or some other research center.
b) Formation of an Investing Team
   It is obvious that investing requires availability of different economical, technical, financial and trade skills. Therefore, the director of the project should use different people with various skills. The result of this group is to provide a preliminary economic investing plan.
c) Providing a Business Plan:
   The plan includes the method of execution of investment which consists of several parts, including:
1. Providing a preliminary feasibility report of the project consisting of describing the subject of the activity, time, partners, the position of the project and the like.
2. Providing a feasibility of the potentials of the target market (native, internal, external, market, regional, local markets) for the favored product and estimating the request rate.
3. Providing a program for manufacturing the products.
4. Providing the project operational program including CPM and work flow in order to purchase the machineries, tools and raw materials and also for mounting the installations and starting up the lines and its production.
5. Programming for the human resources, economic management and executive management of the project. And finally:
6. Financial programing for determination of break-even points, capital return period and the like.
d) Establishing the project:

Purchasing or renting the placement of the project, mounting the machineries and the production lines in the workshop, purchasing the raw materials, employment of the necessary work forces, connection of energy, water, other lines until assurance of the possibility of real commencing the project.

e) Commencing the project and manufacturing the programmed product, introducing the product to market and industrial auditing.
f) In this phase, the project has passed over the period of investing and has approached the profit gain phase and is able to continue its work without the help of the preliminary investors.
g) Liquidation of cooperation in initial investment:
In this phase the strategies of liquidation of partnership in initial investment is planned and accordingly the initial investors take the initial capital with its agreed interest out of the project (SamadAghaee, 2004).

The main indexes of risk taking investment: -

Investigation of global evolutions in 20^{th} century and the beginning of the 21th century reveals that in knowledge based industries which is the economic pulses of countries it is the innovation and technology that are the success factors. The main players of these industries are the little and medium size companies which take the risk of financial supplying with all above mentioned characteristics are considered as a special kind of financial supplier to fill the vacuum. Among the most important performance indexes of risky investment founds the following could mentioned here (Bagheri and Motehassen, 2003).

1) Partnership in management of corporates
2) Managerial investigation
3) Risk taking
4) Profit motivation
5) Paying attention to new companies
6) Long term views
7) Partnership in ownership companies
8) Liquidation of investing

The financial supplying methods in venture investing industries: -

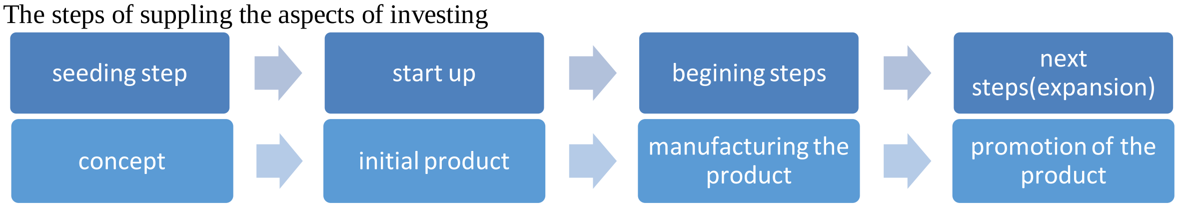
7. Merchant banks
8. Love money
9. Credit cards
10. Initial public offerings
11. Leasing
12. Business angles
13. Customers and suppliers
14. Venture capitalists
15. Lending institutions

The structure of Venture investment: -

To survive in risky markets, these companies must have an intelligent and efficient structure which is also dependent on policies and targets of that company this structure is also different (Goldstone, 2009).

The financial suppling chain in Venture investment: -

The steps of suppling the aspects of investing



The major sources of investment: -

- ❖ Private stock markets
- ❖ Investment founds
- ❖ Business angles
- ❖ Founders

- Banks
- Venture capital
- development funds
- Family
- Friends

The total framework of these companies consist of following parts:

Plan selection part: -
This part is responsible for seeking for plans, investigating the proposed plans and finally selection of the suitable and proper plans which have the investment potentials. Then the plan there should be an investigating program for the project which includes the required budget and periods of inducing it.

Financial Supply Part: -
VC forms are often not capable of paying all the investment resources alone, so they try to accompany other investors with themselves such as fortunate people, retirement funds, endowment funds, charity institutions, banks and …

Management of new Companies: -
This part is so important, because the executive and managerial teams are in part. This team must be included of individuals with interest, knowledge, and experiments of management of little companies. After the required agreements with entrepreneurs, this team will cooperate in management of new companies. New companies are like little boats with no facilities which are about to enter into the market storm. So to pass it safe through the storm successfully needs people capable of managing the boats.

Liquidation of investments: -
For this part there is a vast need for individuals having relations with abundant number of companies and other people and should be aware of the ways of entering and being accepted in stock markets in order to be adopted to the best policies for assignment of the companies on which they have invested and for liquidating the company.

Results: -
Considering the above mentioned about the venture investment, as an attractive investment activity, is so profitable and highly risky. Thus for the very same reason a lot of improved and improving countries have prepared special considerations for attending and activation in this investment field. The entrepreneurial managers are right custodians of development who do not wait for changes but they make the changes and transformations by themselves, and try to break the current freeze in behaviors. Change the views, and stabilizes the changes in

individuals through their logics. Their target is to make evolution and innovations in line with the interests and targets of organizations. The rarity and high prices become ineffective or less effective through some innovations in production of technologies and or by replacement of raw materials by entrepreneurial managers who even use these conditions to achieve their goals. The entrepreneurial manager does not surrender to the surroundings and takes over the activities and achieves his goals riding on the waves of transmission in the environment. So let's not to withstand the changes and accept the entrepreneurship and think about an ideal and important Iran in global level and act accordingly.

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