

The Role of Innovation and Entrepreneurship in the Agricultural System of the USA

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Abstract: The present paper focuses on the role of innovation and entrepreneurship in the agricultural system of the USA. It attempts to review current literature on innovation and entrepreneurship and to show the significance of the topic and more importantly the growing recognition of innovation and entrepreneurship. We conclude with a notion that innovation and entrepreneurship are strong forces that help to boost economic development of the United States agricultural system.

Keywords: Innovation, Entrepreneurship, Economic Development

People tend to possess and to use resources in order to enhance their well-being (Duobiene and Pudziene, 2007). Nowadays a small percentage of people across the globe do not simply live life, they love it as much as they can and try to lead it to the top in impetuous times. They truly believe in their dreams and implement them in real life projects. These people are members of the continuous process which is called entrepreneurship (Chen, 2007).

Due to globalization, shifts in consumer preferences, rigorous competition, technological breakthroughs, change in the role of state and constant transformations in global marketplace companies adjust themselves to outperform rivals by implementing new innovative formulas and strategic tactics (Isenberg, 2008). Entrepreneurs keep going forward by overcoming many obstacles. It does not matter how painfully they could fall along the way because surely they will keep going with a whole set of tools and methods to achieve desired

goals (Bricklin, 2001). That being said, however their work is never done. It is a lifelong journey full of incredible adventures (Gergen and Vanourek, 2008).

The present paper focuses on the role of innovation and entrepreneurship in the United States Agricultural System. It attempts to review current literature on innovation and entrepreneurship and to show the significance of the topic and more importantly the growing recognition of innovation and entrepreneurship by both academics and practitioners.

Process of rapid changes impacts business in many different ways. Together with change comes uncertainty (Gergen and Vanourek, 2008). On the surface of all these processes the interest in entrepreneurship has flourished (Montanye, 2006). Entrepreneur sees opportunity, finds a way to acquire the needed base of necessary resources, and acts to turn this opportunity into a reward (Freytag and Thurik, 2007).

The literature suggests that entrepreneurship is defined as a process of organizing, managing, and taking all the risks of running a business or company by a person or a group of individuals (Gebel et al, 2003; Duobiene and Pudziene, 2007; Freytag and Thurik, 2007). Entrepreneurs usually associated within the fast growing business willing to work hard and fully devoted to their business idea (Gebel, 2003). Entrepreneurship can have a positive impact on the well-being of individuals, companies, communities and a whole society (Ernst et al, 2005). The wealth that generates from increased activities of both types gives rise to the cultural, social, environmental, or financial well-being (Hauser, 2000).

The role of entrepreneurship and innovation has been given much emphasis in the field of agricultural economics of the USA. A connection exists between entrepreneurship and innovation (Bricklin, 2001). These forces have a positive impact on the behavior of economic actors (individuals or firms) in this realm: the drive to commercialize an idea brings it to market

realization and the drive to innovate creates the idea in the first place (George et al, 2007).

Generalized entrepreneurship model is given in Figure 1.

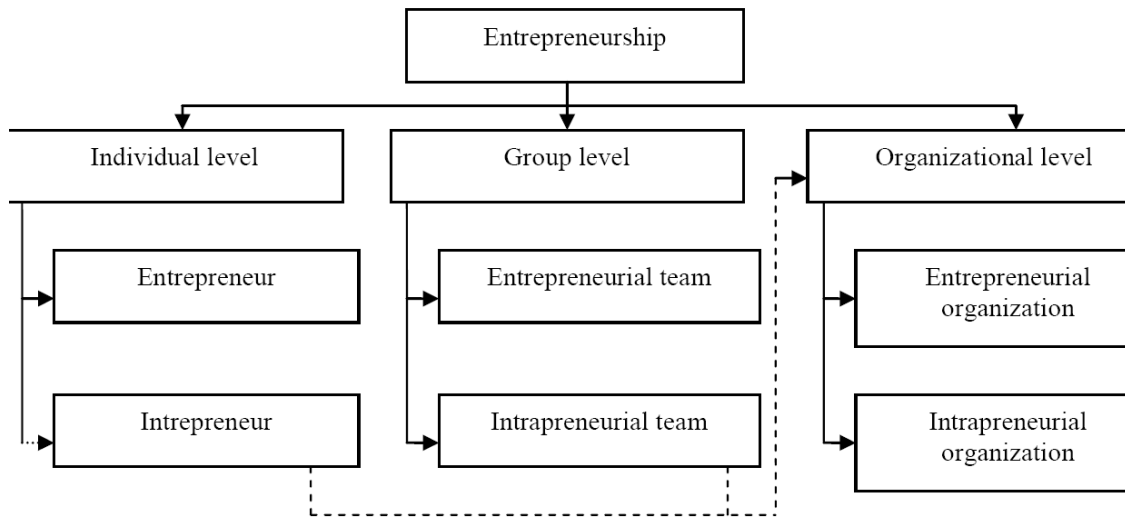


Figure 1. Entrepreneurships conception limits
(adopted from Duobiene and Pundziene, 2007)

Hauser (2000) emphasizes four possible entrepreneurial/innovation types. The first type is master entrepreneurs that are skilled managers, and risk bearers, but not innovators. The second type is innovative entrepreneurs, skilled entrepreneurs that are also innovators. The third type is entrepreneurial innovators, skilled innovators that are also entrepreneurs. The final type is master innovators that are skilled innovators, but not entrepreneurs (Hauser, 2000). In short, all four combinations of entrepreneurship and innovation have a positive impact on the agricultural system of the USA through value-added activity (Montanye, 2006). That is, one should not assume that a particular combination of entrepreneurial and innovation traits fits all situations (Grebel et al, 2003). The existence of effective entrepreneurial/innovation type or mix of types

may be necessary for entrepreneurship and innovation to flourish in a particular situation, but it is not likely to be sufficient (Miles and Watkins, 2007).

Would-be entrepreneurs can be motivated to take on entrepreneurial activities only to find roadblocks such as having no knowledge or source of venture capital, an inadequate business plan, or a credibility problem because they are lacking an entrepreneurial degree (e.g., MBA degree or Certificate in Entrepreneurship) or a track record (Seshadri and Tripathy, 2006). Agricultural innovation centers such as the Michigan State University Product Center for Agriculture and Natural Resources have a key role in strengthening the linkages between entrepreneurship and innovation.

According to Snowden and Boone (2007), innovation centers serve as a collection point for the specific training programs in entrepreneurship and innovation. Moreover, these centers assist in the creation of business plans, marketing, feasibility studies, and other aspects of product and business development (Grebel et al, 2003). University programs force the would-be entrepreneur to answer difficult questions and consider factors that the would-be entrepreneur may be overlooking before committing financial resources (Isenberg, 2008).

To be effective, innovation centers and programs are geared toward new firms, new products, innovation processes, and entrepreneurial education (Freeman and Engel, 2007). In short, university outreach programs and centers have a key role to play by establishing structures that foster mentorship and act as a clearing house where entrepreneurs and innovators interact and benefit from each other (Fretag and Thurik, 2007). The development of innovative products and new businesses has become a public policy priority in the agri-food system of USA (Bricklin, 2001; Chen, 2007).

In short, it can be concluded that innovation and entrepreneurship are strong forces which helps to boost economic development of the United States agricultural system. Instead of being managed by status quo, entrepreneurs cease it by means of radical or incremental innovations. Rather than being affected by any kind of circumstances entrepreneurs transform them to their favor. Innovation became stimulator and driver of new business ventures, renewing of existing companies, boosting national economies in terms of higher indicators of competitiveness, growth and sustainability. Besides that, entrepreneurial activities deeply enrich the quality of life for the individuals in times of economic recession.

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