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# **The Broker' Role in the Performance of the Cooperative Process in the Network of SME**

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**Key words:** SMEs, Networks, Broker, Performance, Internationalization.

## **Track title: Internationalization / Firm performance**

### **Paper title: The Broker' Role in the Performance of the Cooperative Process in the Network of SME**

The importance of networks in the reality of the business was translated by a proliferation of the researches towards them. However, not much research is dedicated on examination of the factors of performance of networks in spite of the importance of this question for the evaluation and the evolution of networks' management (Sydow, 2004). The networks' performance has a link to the action of the broker (Miles et al., 1992) which is central actor in the emergence and the functioning of networks.

The objective of this paper is to understand how and to what extent the broker (Miles et al., 1992) contributes to the performance of the cooperative process in the networks of SMEs?

Our reflection is based on two case studies of the networks of SMEs launched by a trade association (region Rhône-Alpes, France) that the role is defined through the concept of broker. Through this research, we highlight the way that the trade association assumes three roles associated to the broker: the architect, the coordinator and the facilitator. Our contribution results at the suggestion of a dynamic frame of five families of factors of reticular performance realized by the broker.

### **The theoretical background of networks**

The strategic approach of networks explains the reasons of the cooperation by obtain strategic advantages (Gulati et al., 2000) by the reduction of the cost transaction and the increase of the flexibility. This approach concentrates on the economic and managerial contributions. Networks according to the evolutionary theories allow the firm to acquire new capabilities established by the organizational routines of the partner firms. According to the RBV approach, the cooperation justifies itself to widen the resources and the capabilities of the firm (Hamel et al., 1989). These resources being a source of vulnerability, the organization adopts a strategy of network to bend this dependence (Pfeffer and Salancik, 1978).

The social approach concentrates on the exchanges of the resources between the social entities. the economic actions exist only through their insertions in the social networks (Granovetter, 1985).

The group IMP incorporates the strategic and social approaches (Häkansson, 1982).

Networks are also reserved to explain the modality of internationalization of the firm (Johanson and Vahlne, 1990). The internationalization' networks answer the necessity of development of the foreign markets knowledge, the adjustment of the resources, the exploitation of the opportunities.

Two basic typologies of networks are used the criteria of complementarity and addition. The "vertical network" or the "network firm" concerns a collaboration inter-firms in an objective of flexibility and complementarity (Delapierre and Zimmerman, 1988). The "horizontal network" or "the network of firms" is established by corporations having similar activities in the objective to be divided knowledge's and productive resources. It is about an additive logic sharing rival firms operating on the same segments of the value chain to have a competitive advantage (Richardson, 1972).

The network as mode of not hierarchical organization requires normative prerequisites in terms of reciprocity between the members and values and common faiths (Jarillo, 1988). The reciprocity is based on the interdependence and the resources' sharing between the firms of the network. Every member has access to resources detained by the other members of the network through the vertical and horizontal complementarity. This will allow the members of the network afterward to reach the external resources to the reticular organization. The standards and the common values lean on the necessity of trusting between the members so that the network is successful (Thorelli, 1986). The authors determine contributory elements in the

development of the trust between the members of a network. The duration and the perspective of the relation influence positively the trust (Sako and Helper, 1998). The reciprocity and the just sharing of the outputs of the cooperation are generative of trust (Jarillo, 1988).

The intervention of a broker (Miles et al., 1992; Human and Provan, 2000) is an explanatory factor of the formation of the networks. This actor whose action is essential within networks creates and manages deliberately the networks (Miles and Snow, 1986; Jarillo, 1988). Miles et al., (1992) identify three brokers' roles and speak about the job by network broker:

- The architect introduces the network by facilitating her emergence. He selects, put in contact and involves firms in a network a global vision of which he possesses.
- The coordinator of the operations who brings the maximum of efficiency.
- The facilitator realizes maintenance of the network so that this one joins over time. The facilitator shares the information about the functioning of the network and the actors between the members.

### **Methodological elements**

The objective of our research being to understand broker's role in the performance of the networks of corporates, we opt for a methodology of qualitative research by the case study (Yin, 1989). Oliver and Ebers (1998) mention the necessity of leading such researches to understand better the new forms of cooperative organization. The qualitative data make possible the representation and the interpretation of the processes of relations, what means that these data are used to understand the creation and the evolution of the relations, as well as the identification of their contributions. The qualitative approach appears then as the only one capable of increasing the capacity of the researcher to describe the complex social systems (Marshall and Rossman, 1989).

To obtain our data, we favored the insertion within the environment studied. The collection of information was made thanks to thorough interviews semi directive (34 interviews). Also, we practiced the non-participating observation over a period of 24 months by attending the meetings of networks (10 meetings). Finally, we analyzed documentary sources (reports of meetings of networks...). The processing of meditative data was made by an analysis of thematic contents with the software Nvivo intended for the processing of qualitative data.

### **Results and implications**

**Contributions of networks to their SMEs :** The cooperation based on the complementarity of the resources and the competences; The commitment of an offensive marketing; The exchange of the information and the experiences; The actions of lobbying.

#### **A framework of five families of factors of performance of networks Metalrom and Agro**

We proceed to determine the factors of performance of networks supported by the trade association to support the performance of the cooperative process. These factors are grouped in five homogeneous families:

- Factors bound to the vocation of networks
- The management and the animation by the trade association
- The trust
- The reciprocity of the exchanges and the mutual gains
- Factors limiting the competition

The contributions of our research are situated on several levels. This research demonstrates how the broker contributes to the performance of the cooperative process of the networks of corporates. Our study emphasizes the passage of the trade association as broker in a more offensive logic of initiation of the networks of firms compared with his role in the researches of McEviley and Zaheer (2005). In the researches for those last ones, unlike our research, the borders of the trade association and the network are confused. The network has no identity independence towards the broker. On the other hand, the broker in our research adopts a strategy of construction and animation of the networks of firms among which the identities and the structures are independent with regard to the trade union.

Our research explains the way that broker intervenes to develop the factors of performance of the reticular process. We interpreted the factors of performance of networks studied under the effect of the broker. We establish a frame containing five families of factors of performance which interfere in a dynamic way (figure 1) because they participate mutually to return efficacious networks. The intervention of the broker through its various deliberate strategic and tactical actions at the level of the design, the management, and the coordination leads to the performance of networks. This frame presents the managerial contribution of our research for the reason that he can guide the action of the brokers, in particular the institutional and associative structures, in the implementation and the management of the successful networks of firms.

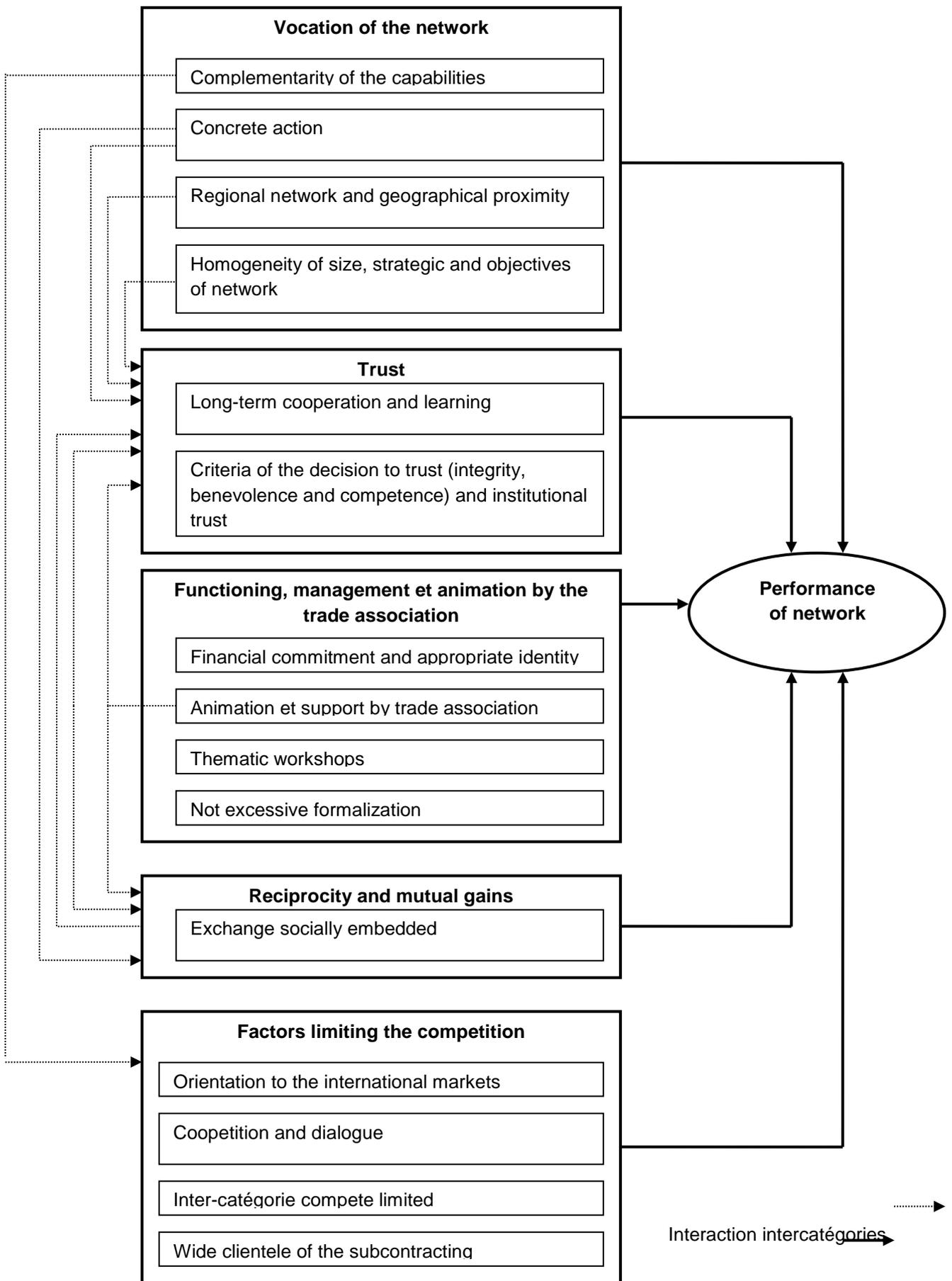
In terms of theoretical contributions, this study highlights more the roles attributed to the broker and their characteristics.

With regard to the role of the architect, the trade association assumes in a formal way the initiation and the formation of the network both at the level of the conception.

The role of the core of managers dresses the network of a level of initial trust. The principal firm has no "active" role in the initiation of the network. The formal position of architect of the trade association appears more clearly in the network Agro because the broker sets up a deliberate and gradual strategy to form this network.

As regards the coordination role of broker, the trade association coordinates not at all the value chain of point of view of industrial cooperation based on the complementarity of the capabilities. However, the trade association assures formally some coordinator's tasks in the commercial sphere by coordinating.

In terms of broker's position facilitator, the trade association insures formally this role. The creation of the offices of direction of networks testifies of this voluntarily adopted orientation. The broker supplies material means necessary for the functioning of networks and, assures a supple administrative management by raising a little formalized frame. The broker intervenes to overcome the problems met as the creation of workshops by theme. So, the broker intervenes by actions deliberated to facilitate the exchanges and the communication between the members and increase the social interactions, what makes anchor socially the links between the members and develop the trust.



## **Development of Franchising in Croatia – Obstacles and Policy Recommendations**

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Key words: franchising, business model, obstacles, policy recommendations

## **Aim of the Paper**

Despite the wide application of franchising in the developed countries of the world, its impact on the Croatian economy is still marginal. Consisting of retailing, distribution, and wholesaling operations, companies in Croatia are becoming increasingly aware of the benefits and costs of franchising as an organizational method and are considering its adaptation to the Croatian context. The purpose of this research is to identify the internal and external obstacles and challenges to a wider application of franchising in Croatia and generate recommendations for removing the identified obstacles on policy and organizational level. Obstacles and recommendations will be identified on the basis of a conducted longitudinal qualitative research, the first phase of which was conducted in 2006.

## **Background Literature**

A franchising occurs when a business (the franchisor) licenses its trade name (the brand) and its operating methods (system of doing business) to a person or group (the franchisee) that agrees to operate according to the terms of a contract (the franchise agreement) (Boroian and Boroian, 1987). Other authors give similar definitions of franchising, with emphasis on the legal relationship between the franchisor and the franchisee (Emmerson, 1990), economic category that offers a favorable combination of the economy of scale (Stanworth, 1991), trade or service mark (Spinelli et al., 1994), system of placing goods and/or services and/or technologies on the market (European Franchise Federation – EFF, 2005) or the basic elements of franchise (Boroian and Calloway, 2008).

The franchise business model brings advantages and disadvantages to both sides of the business relationship. Using the franchise business model, the franchisor achieves faster growth with lower capital commitment and can have a potentially high growth rate. Rapid growth enables achieving economy of scale with minimum investment and with the fundamental advantage that the three main resources: managers, money and time, are provided by the franchisee (Shane, 2005; Maitland, 2000). As a disadvantage for franchisors and a source of potential conflicts Shane (2005) states the issue of profits because the franchisor wants to achieve higher revenues through higher royalties, and the franchisees strive to maximize profits by keeping costs under control, which often causes lower sales volume, concentration of retail outlets in a particular area, investing in advertising, investing in training. One of the biggest advantages of the franchise business model for the franchisee is that it gives him a proven business model and a well-known brand. (Maitland, 2000). Another advantage for the franchisee is a well-known brand, which guarantees recognition in the market. Maitland (2000) and Shane (2005) mention additional benefits: lower risk of failure, standard product and quality are offered through a validated business system; help in choosing a location, benefits from the franchisor's development program, and, ultimately, protection from the competition. Nieman and Barber (1987) state franchisor's excessive control and elements of risk in business operations as disadvantages of the franchise business model for the franchisee. Other authors cite the following weaknesses of the franchisee: poorly estimated own ability to work within the system and a low threshold of tolerance for restriction of freedoms, that is, franchisor's business restrictions and control (Kukec, 2009), overdependence on the franchise system, reduced operating flexibility (Seid and Thomas, 2006).

Alon (2006) notes that that the economic influence of the franchise business model is observed through output and new job creation, increased tax base, economic modernization, SME development and acquiring new dynamic skills and abilities. Dwivedy (2002) cites the significant influence that the franchise business model has on the transfer of technology and business methods, and offer of quality products at reasonable prices. Castrogiovanni and Justis (1998) emphasize the importance of the franchise business model that spreads beyond national borders, and is becoming the fastest growing form of business in the global economic system. The franchise business model is considered a driver of employment and development of entrepreneurship, and is determined by the method of successful business operations and an optimal number of people employed by the franchisee. The franchisor must provide its own sales team for the sale of the franchise and logistic, with the aim of maximizing profits, which ultimately increases the number of employees. Alon and Welsh (2002), among other things, cite lack of managerial and entrepreneurial talent of the franchisor, lack of capital for international expansion, risk of political instability and insufficiently developed infrastructure as obstacles that may affect the development of use of the franchise business model. There are several trends that affect the size and growth rate of the franchise industry, of which Fulop (2000) points out level of economic activity, shift towards the service sector, rate of entry of large and well-known companies into franchising and rate of internationalization of franchising as external trends.

## **Methodology**

This paper presents the results of a qualitative longitudinal research, that is, continuation of research entitled “Perspectives of development of franchising in Croatia”, which was conducted in 2006. Longitudinal research in this paper includes repeated measurement of perceptions about the perspectives of development of franchising in Croatia through focus groups, on representatives of the same population (lawyers, representatives of the banking sector and consultants for small and medium enterprises), using the same guide with predefined questions, which make up the backbone of discussion between the participants of the focus group. When analyzing the results of qualitative research, the level of overlap in attitudes and perceptions of individual groups of subjects was identified. The overall results of this research were compared with the results of the 2006 research, with the aim to detect changes in individual areas of the research – political, economic, legal and technologic factors of influence on the development of franchising in Croatia. Based on the detected changes, recommendations on policy and organizational level were identified.

## **Results and Implications**

The research results confirm a high level of overlap in attitudes and perceptions of representatives of key stakeholders about the existence and influence of individual policy barriers on the development of franchising in Croatia, and identification of additional obstacles of internal nature, related to organizational limitations of companies interested in applying franchise in their business. Consensus of attitudes was achieved in identification of the following obstacles on the policy level: the absence of legislative regulations restricts development of franchising in Croatia; entrepreneurs do not implement franchise because there are no accompanying franchise purchase (co)financing programs; entrepreneurs do not implement franchise because of poor functioning of the legal system in Croatia; entrepreneurs do not implement franchise because there is no accompanying advisory and informational support. On the organizational level, consensus of attitudes was achieved in the identification of insufficient knowledge of the franchise model and the opportunities it provides. Compared with the results of the first part of longitudinal research “Perspectives of development of franchising in Croatia” from 2006, the second part of research from 2013 confirms the consistency of all the problems and obstacles.

Based on the identified obstacles on policy and organizational level, the following recommendations were generated: creation of legislative framework based on the best practices of EU countries; organization of a promotional campaign aimed at informing the public about the benefits of franchising; co-financing the costs of development of franchising networks for growing companies in Croatia; co-financing education on franchising for start-ups and growing companies; strengthening infrastructural support for development of franchising through organizing and co-financing education on franchising for lawyers, financial institutions, business advisors and representatives of business support institutions.

**Track Title: Small Business Management**

***Paper Title: The Effectiveness of Business Support in Overcoming Barriers Facing Bahraini SMEs:  
The Development of a Business Support Effectiveness Index***

Paper to be considered by International Council for  
Small Business (ICSB) conference, Dublin, 11-14 June 2014

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**Keywords:** Barriers, Effectiveness, Business Support, SMEs, Growth, Bahrain, index

**Aim of the paper:** Building on prior ICSB papers (Alrabeei, 2003; Alrabeei and Scott, 2011), this study aimed to investigate and critically analyze, compared to international evidence, the effectiveness of business support in overcoming the barriers to growth of small and medium-sized enterprises (SMEs) in the Kingdom of Bahrain. To achieve this aim, an index to measure the effectiveness of supporting organizations has been developed.

**Background:** As well as extensive prior research on barriers to growth, evidence on how business support overcomes such barriers and the effectiveness of the support is more limited. Different countries have adopted different approaches to support over the last decades. Governments support SMEs through supporting organizations, which were always under pressure to evaluate their effectiveness and utilisation of the money provided to them from taxpayers. This study aimed to address this gap in the literature.

**Methodology:** The exploratory, mixed methods study utilized data from two focus groups, a survey of 200 owner-managers in SMEs and a survey of 19 supporting organizations regarding barriers facing SMEs at the growth stage (see Alrabeei and Scott, 2011, 2014) and the support required to overcome such barriers. The data gathered were extracted, analysed and resulted in an effectiveness index created to measure the effectiveness of support to SMEs.

**Results:** Given the barriers to growth for Bahraini SMEs (scarcity of qualified human resources, lack of finance, fierce competition and bureaucracy/fees from government (Alrabeei and Scott, 2014) and the available support programmes but a lack of awareness amongst SMEs, the business support effectiveness index showed that supporting organizations had different scores of effectiveness based on indicators such as number of supporting programmes provided, SMEs' awareness of their services, their target in SMEs sector, and measurement of support effect.

**Implications:** The study has developed a novel business support effectiveness index.

**Value:** Provides an innovative new business support effectiveness index that is applicable to other international and institutional contexts.

# Innovation

## Sustainable Innovation: Evidence from Austrian SMEs

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**Key Words:** Sustainability, Corporate Social Responsibility, Innovation Process, SMEs, Values, Networks

### Aim of the Paper

Climate change, energy and resource issues as well as the impact of pollution on health, social security and economic activity will inevitably lead to changes in the business environment, relative costs and competitive advantage. Corporate Social Responsibility (CSR), defined by the European Commission as “the responsibility of enterprises for their impacts on society”, can significantly influence how well a company adapts to these changes and plays therefore a crucial role in securing a company’s competitiveness.

To date, little is known about how CSR activities are connected to innovation management in business practice in Small and Medium-Sized Enterprises (SMEs). This is despite the fact that SMEs account for 99.8 % of companies and 66.5 % of employment in the EU.

This paper is therefore aimed at the sustainable innovation process in Austrian SMEs. It will identify CSR issues of relevance to Austrian SMEs and analyse the influence of corporate responsibility and sustainability strategies on product, service and process innovation.

### Background Literature

CSR as a strategic and management approach uses the innovation opportunities that current and future social and ecological challenges entail. Porter and Kramer (2006, 2011) stress that CSR can be a source of innovation and emphasize the need to place sustainability at the core of a company’s value creation activities and thus pursue initiatives which will benefit society and at the same time strengthen a company’s competitiveness.

MacGregor and Fontrodana (2008) propose that there is a virtuous circle of innovation and CSR. Companies are either in a constant search for values (innovation-centric approach) or driven by values (CSR-centric motivation). CSR-driven innovation centres around ‘doing the right things’ and focuses on products and services that have some sort of social purpose.

In their concept of sustainability-oriented innovation Hansen and Grosse-Dunker (2012) highlight that sustainable development can be advanced through the diffusion of more sustainable product and service offerings by transcending from a narrow focus on the direct customer value to an emphasis on a product’s entire physical life-cycle. Sustainability orientation, however, also extends to process and organizational innovations. Current and future challenges that ought to be addressed include radical innovation, the concept of open innovation as well as sustainable entrepreneurship.

Ferrauge (2012) finds a complementary relationship between sustainability and innovation in SMEs and proposes a framework linking these two concepts. A rotary figures indicates how SMEs pursue CSR activities depending on their innovative strategy and shows that the innovation process is an essential tool to integrate CSR.

In addition, Jonker’s (2012) insights on new business models which create multiple, i.e. social ecological and economic value(s) support our research.

### Methodology

The paper starts with reviewing key concepts on CSR, sustainability and innovation and discussing their relationship using theoretical frameworks and models. Insights gained from qualitative research methods, including semi-structured interviews with network experts and a focus group session, are used to describe the

impact of CSR on the different phases of the innovation process and the associated opportunities as well as challenges in detail.

Good Practice case studies of Austrian SMEs renowned and awarded for their sustainable and innovative activities constitute the main focus of interest. The selection of SMEs was conducted in a way to ensure a comprehensive picture and a good balance of industries, size and geographic location. Relevant information was gathered by conducting interviews along with using secondary information already available. The case studies dwell on current issues of social responsibility and the motivation for dealing with sustainability and characterize the appreciation for and culture of innovation within the respective company. The significance of networks and cooperation, the use of tools and the role of people as well as the question of measuring the success of innovations are made subject of discussion. To support their efforts, recommendations for SMES on how to sustainably create new products and services and thus take full advantage of the potential inherent in CSR are put forward. A summary of the findings as well as an outlook on future challenges and research activities concludes the paper.

## **Results and implications**

Research findings highlight SMEs' sustainable innovations are mainly driven by values. These values held by management influence the direction and the outcomes of the innovation process. Values deeply strengthen small- and medium-sized enterprises and their innovative power. Companies are aware of their substantial social responsibility and the impact of acting sustainably and highlight the importance of communication and raising awareness. CSR activities, however, need to be anchored to the overall business strategy. SMEs conducting business in a socially and environmentally responsible manner also stress the significance of using local networks as a means to exchange experiences and information on best practices and cite benefits such as operational cost savings, partnership opportunities along with a better approach to emerging consumer concerns.

In order to ensure its continued existence, a company has to take the fullest advantage of its constantly changing business environment. A strategy for gaining competitive advantage is sustainable innovation. The analysed case studies as well as available literature reveal that while typically faced with substantial resource restrictions, SMEs are, due to their small and versatile structure and entrepreneurial posture, successful innovators.

Further research is aimed at developing a CSR-oriented innovation controlling tool to track and measure the success of sustainable innovations in SMEs, thereby making the benefits of acting socially responsible more transparent.

## **The influence of ethnicity on the innovativeness and risk taking of small business enterprises**

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Key Words: ethnicity, risk taking, innovativeness, small business

**Track Title:** Small Business Management

**Paper Title:** The influence of ethnicity on the innovativeness and risk taking of small business enterprises

### **Aim of the Paper**

This paper aims to evaluate how the ethnicity of Chinese and Turkish ethnic minority entrepreneurs influences their UK based small sized firms innovativeness and risk taking ability.

### **Background Literature**

Entrepreneurial scholars have called for more inter-group comparison of ethnic minority groups, as analysis of entrepreneurship according to ethnic origin helps to identify sources of competitive advantage (Ward, 1986). To answer this call this study considers ethnicity as an influential factor with regard to the innovativeness and risk taking behaviours of EMSBs. There is a consensus among scholars that entrepreneurial activity does vary by ethnic group (Basu and Altinay, 2002; Levie, 2007), and that certain groups of immigrant and ethnic minorities are more entrepreneurial (Wang and Altinay, 2012). Of particular interest to our study is the comparison between Chinese- and Turkish-owned ethnic minority small businesses (EMSBs) in London.

Prior immigrant entrepreneurship research demonstrates that some ethnic groups performed better in entrepreneurship compared to their counterparts. For instance, East African Asian entrepreneurs are more successful than Indians and Pakistanis in the UK (Metcalf et al., 1996). Both Chinese and Turkish entrepreneurs come from masculine societies that place emphasis on achievement and advancement and the development of new and novel products in the market place to demonstrate individual achievements is highly regarded (Singh, 2006; Stremersch and Tellis, 2004; Yalcinkaya, 2008). Confirming this, Garland et al. (1984) and Steward et al. (1998) also argued that entrepreneurs who have higher achievement motivation are more inclined to lead their firms to innovation and change. In particular, in the case of Chinese, Confucian dynamism (long term orientation) has positive effects on the work values of self-enhancement, commitment and openness to change (Hofstede and Bond, 1988; Jaw et al., 2007). This personal characteristic demonstrates itself in firm behaviour. Those firms which demonstrate innovative behaviour have committed leaders with vision, enthusiasm and future orientation (Heukens, 1998). Given all these arguments we have set our first hypothesis as:

H1: The businesses of owners with Chinese ethnic background will demonstrate higher innovativeness than the enterprises owned by entrepreneurs with Turkish ethnic backgrounds.

Both ethnic groups demonstrate similar characteristics in terms of risk taking. Previous research showed that both Chinese and Turkish communities are prone to risk taking. These cultural groups demonstrate the characteristics of masculinity-orientated societies and display their willingness to strive for prestige and recognition in the face of potential risks and failure (Hofstede, 2003). They have a low perception of risk and consider handling uncertainty as a route to large strategic payoffs and thus a prerequisite for the achievement of superior materialistic conditions (Petraakis, 2005) both for themselves and their firms (Karande et al., 2002). Given these arguments we have set our second hypothesis as:

H2: The businesses of owners with Chinese ethnic background will demonstrate higher risk taking than the enterprises owned by entrepreneurs with Turkish ethnic backgrounds.

### **Methodology**

The population of this study come from a database of 2500 small businesses (with less than 50 employees) which are owned by Turkish and Chinese entrepreneurs in different boroughs of London. A total of 500 firms (250 Turkish and 250 Chinese) were randomly drawn. A total of 258 (124 Chinese and 134 Turkish) businesses agreed to face-to-face interviews.

There are two endogenous latent variables in the study: Innovativeness (INNOVATIVENESS) and risk taking (RISK TAKING). RISK TAKING is measured by seven items which come from Miller (1983) and Covin and Slevin (1989). INNOVATIVENESS was captured by five items which are adopted from Covin and Slevin (1989) and from Miller and Friesen (1983). All items were measured by using a seven-point Likert scale. The key predictor in our study is ethnic background (ETHNICITY) which is a categorical variable (Chinese=1, Turkish=0). We controlled for organization size (number of employees) and business type (Family business=1, Non-family businesses=0). First, we use Confirmatory Factor Analysis (CFA) to assess the measurement model and then employ a structural equation model to test the relationships between ethnicity and the two endogenous latent variables.

## Results and Implications

### *Measurement Model*

We confirm the convergent validity for the measurement model via several indicators. First, the composite reliability for each construct is over 0.80, which is higher than the threshold value of 0.70 (Fornell and Larcker 1981). All indicator loadings have significant  $t$  values ( $p \leq .01$ ), and Average Variance Extracted values that are higher than 0.50 (i.e., INNOVATIVENESS=0.60 and RISK TAKING=0.66) (Fornell and Larcker 1981). The Tucker-Lewis Index (TLI) has a value of 0.94 and the comparative fit index (CFI) is 0.95. These values denote that the measurement model has a good fit to data (Bentler 1992). Standardized root mean square residual (SRMR), has a value of 0.04, which is indicative of a model with a good fit (Byrne 1998). The root means error of approximation (RMSEA), has a value of 0.07, which is considered satisfactory (Hair, William, Babin, Anderson, and Tatham 2006).

### *Structural Model*

The structural model investigates the relationship between ETHNIC and two latent variables (INNOVATIVENESS and RISK TAKING). The evaluation of fit indices reveals that the model achieves a good fit ( $\chi^2$  to  $df=1.87$ , CFI=0.96, TLI=0.94, RMSEA=0.06, SRMR=0.04). The relationship between ETHNICITY and INNOVATIVENESS is positive and significant ( $p \leq .01$ ), after controlling for organization size and business type. This finding demonstrates that entrepreneurs from Chinese ethnicity display a higher level of innovativeness relative to firms owned by entrepreneurs with Turkish ethnic background, which offers support for H1. Results for H2 show that ETHNICITY has a positive significant relationship with RISK TAKING ( $p \leq .01$ ) which is consistent with the predictions of H2.

### *Discussion and Conclusions*

This study offers a holistic investigation and presents empirical insights into how ethnicity transmits and diffuses through the strategic orientation of a small firm. Ethnicity influences both innovativeness and risk taking behaviors of small firms providing further evidence for the propositions made by researchers such as Lumpkin and Dess (1996) and Bamberger (1982) that a small firm is simply an extension of the business owner. The small business owner should be open to change new ideas in order to benefit from opportunities in the market and enhance their competitiveness.

It has been suggested that another important feature of ethnic business owners and their businesses is that their entrepreneurial success results from thrift and hard work, rather than risk taking (Basu and Altinay, 2002). However, this study demonstrates that there is indeed a positive relationship between ethnicity and risk taking. This could be due to the fact that managers in masculine cultures display their willingness to strive for prestige and recognition at the expense of potential risks and failure (Hofstede, 2003). They have a low perception of risk and consider handling uncertainty as a route to large strategic payoffs and thus a prerequisite for the achievement of superior materialistic conditions (Pettrakis, 2005) both for themselves and their firms (Karande et al., 2002).

# Internationalization Strategies: A Case Study of French “Green SMEs” in Brazil

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**Keywords:** Business economics (M21); Firm performance (L25); Environment and Trade (Q56); Sustainability (Q56); International Business (F23); Latin America (N76);

## Track Title

Internationalization

## Paper Title

Internationalization Strategies: A Case Study of French “Green SMEs” in Brazil

## Aim of the Paper:

Since the 1990s, sustainable growth is on the front burner of leading organizational manifestations. An outstanding example is the Organization for Economic Cooperation and Development, the OECD. This organization has a working group exclusively for studying the “green sector” issues. The OECD also supports research activities of the G-20 meetings in sustainable growth. This development has fueled new consumption and production models that generate more opportunities for foreign enterprises to pursue their activities at an international level in different markets around the world, such as in Brazil. This research follows the internationalization strategies for sustainable growth and development in Brazil based on the following: 1) It has the potential to become a leader in the development of the green economy by 2030 (World Bank, [2010]). 2) Brazil is serious about conserving its green treasure: the government has recently adopted a green policy. 3) In 2013 it was ranked as the 7<sup>th</sup> most important word economy. 4) With a land mass of 15 times the size of French territory, Brazil has a potential market of more than 200 million consumers. These factors make Brazil an important harbinger of economic opportunities for green Small and Medium Enterprises or SMEs. French SMEs are among the first entrants in the Brazilian market to benefit from its conservation strategies. These enterprises are among the world’s leaders in the green domains of energy, environmental engineering, water treatment or waste materials, circular economy and energy efficiency. Given that SMEs still face persistent barriers to their international development, we find that it is pertinent to extend the existing literature, in order to clarify the following questions: How can French SMEs overcome the different constraints in order to internationalize? Why should they invest in foreign markets? What are the benefits of operating in green sectors?

## Background Literature

The Uppsala model or stages model is the traditional approach that has been mobilized to study the internationalization. According to the assumptions of this model, there are four stages of internationalization: The first one stresses that the enterprise has no regular export activity, the second one points that the enterprise exports through independent agents, in the third stage, the enterprise sells overseas from subsidiaries (or trade offices) and in the fourth and last stage, the enterprise produces and sells their products abroad (Johanson and Wiedershiem Paul [1977]). However, this model falls short in explaining the internationalization process. It fails to describe the reasons why some enterprises follow a nontraditional path of internationalization. Case studies on companies in different regions of the world have challenged traditional models (Ganitsky [1989]; Holstein [1992]; Jolly et al. [1992]). During the 1980’s and 1990’s, the scientific community focused research on the notion of “international new ventures” (INV) and “born global”. The “new economy approach” essentially focuses in SMEs that are oriented to activities highly intensive in technology. Later, other models emerged which were all knowledge-based: such as the integration of business models (Bell et al. [2003]) and internationalization models (Kuivalainen et al. [2003]; Mejri and Umemoto [2010]). To have a better understanding of the phenomena of the internationalization of SMEs, we must adopt a holistic approach by examining and making linkages between diverse theoretical frameworks.

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## Methodology

Here we use as a research strategy, a case study approach. This will let us recover rich and detailed information that will allow us to compare in detail the different ecumenical approaches followed by every SME across the different green sectors studied.

The six case studies selected are illustrative examples of growing “green sectors” from the SMEs viewpoint. The information has been collected through telephone interviews with entrepreneurs and CEOs, during July 2012. The contact information had been provided by France’s Foreign Trade Advisors (Conseillers du Commerce Extérieur de la France), UBIFRANCE (Agence Française pour le Développement Internationale des Entreprises) and Chamber of Commerce France-Brazil (Chambre de Commerce France-Brésil). The following table summarizes the six case studies:

Case summaries

Case	Firm Size (employees)	Firm Age (years)	Years Offshore	Percentage Sales from Offshore	Sector of Activity
1	2	10	10	100	Consulting in bio-fuel
2	220	31	31	50	Photo-voltaic panels
3	3	3	3	70	Save energy solutions
4	40	53	9	60	Precision recycling machines
5	29	24	20	50	Air pollution simulator
6	36	7	3	10	Photo-voltaic centrals for industry

\* Annual sales levels are provided in the full-paper.

## Results and Implication:

Firstly, the results show pointedly that the internationalization path of our French “green SMEs” does not follow the traditional Uppsala model. Secondly, this model fails to succinctly explain any alternative approaches. The internationalization process of our SMEs is a modernistic approach. Nevertheless, the birth of this neo-global approach is partially justified. In a nutshell, a holistic approach is more convenient to describe the internationalization of French “green SMEs”. We stress that important drivers to internationalization process include the manager’s experience at the international level, networking, the business model, the use of internet and other emergent technologies.

Policy makers usually contrive SMEs policies in order to boost their own international activity. But these policies are in most cases “one-size fits all”. Experience has shown that these policies are not very effective and all parties involved end up shortchanged. Instead, governments should arbitrate more tailored-oriented policies (i.e. depending on SMEs needs, sector of activity and available resources). This will have more positive impacts upon SMEs that want to target new markets overseas and in turn, the governments will reap more benefits. Policies should include aspects such as skill training at managerial level. This will increase the awareness of foreign opportunities. Also worthy of consideration are the resolution of potential foreign constrains at all levels (i.e. legal, taxes, red-tape, cultural, etc.). Other detailed recommendations and future research areas are provided in the final section.

## Online Learning Excellence (OLE) Pre-Conference Training & Mentoring Workshop

### Presenters

- **Dr. Jeffrey Alves**, President of ICSB and Dean of Sidhu School of Business at Wilkes University
- **Dr. Tony Mendes**, President of USASBE and Clinical Professor and Director of the Murphy Center for Entrepreneurship at the University of North Texas
- **Dr. Geoff Archer**, Associate Professor at Royal Roads University (Canada), Director of the Eric C. Douglass Centre for Entrepreneurial Studies and Faculty Advisor for Royal Roads' Chapter of Enactus
- **Dr. Ayman El Tarabishy**, Associate Professor at George Washington University (GWU) and Executive Director of ICSB
- **Dr. Katia Passerini**, Professor and the Hurlburt Chair of Management Information Systems at the New Jersey Institute of Technology (NJIT)

### Program

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1. New Online Tools to Use in the Classroom
2. Outline for a New Online or Hybrid Course
3. Assessment Tools for Online Assignments

The Online Learning Excellence (OLE) Program is a comprehensive, memorable, and high impact learning entrepreneurship workshop. This same workshop has been offered at past events like the USASBE 2013 and 2014 Conferences, ICSB 2013 and more.

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## **ICSB – VISA Inc. Global Policy Workshop to Advance Financial Literacy**

Organized by ICSB and VISA Inc., the "Global Policy Workshop to Advance Financial Literacy" will address cutting-edge policy issues and research ideas to advance the global financial literacy agenda. The goal of the workshop is to engage participants to improve reach, awareness and impact of financial literacy on students, colleagues, entrepreneurs and small businesses.

Today, 2.5 billion adults lack access to formal financial services.<sup>1</sup> The lack of access to formal financial services also limits a business's ability to prepare for financial shocks, often resulting in tough choices—whether to cut jobs to save money, pay for new equipment or repairs—that can perpetuate the cycle of poverty.

By bringing together academics, practitioners, policymakers, and other experts to discuss cutting-edge research on financial literacy, this workshop will help create new programs and policies that help teach individuals and small businesses how to spend, save and budget responsibly.

The program will include high-level speakers that will address:

- The Financial Literacy Agenda: evidence & implications
- Influencing Behavior: the impact of the institutional framework
- Advancing: innovative ideas across fields
- Translating research into policy and practice

The workshop is designed for international researchers, NGOs, state and local governments, and the academic community.

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<sup>1</sup> *Half the World is Unbanked*, Financial Access Initiative, 2009.

## **Entrepreneurship and well-being: a multilevel approach**

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Keywords:

Early-stage entrepreneurs, Subjective Well-being, Life satisfaction, motivation.

**Track Title:** Different Contexts

**Paper Title:** Entrepreneurship and well-being: a multilevel approach

**Aim of the paper:**

Do entrepreneurs experience more personal well-being than employees? Is personal well-being a driver to new business opportunity recognition? We hypothesize that people by exercising the choice to become entrepreneurs experience more well-being. With between 10 and 30 per cent of a country's labor force typically business owners (Bosma et al., 2012), having a group with higher well-being can significantly raise aggregate well-being scores.

**Background Literature:**

We know that unemployment is a major and significant cause of unhappiness (Clark and Oswald, 1994; Clark, 2010), thus by providing jobs, entrepreneurs contribute importantly to raising well-being (or at least prevent happiness from declining). We also know that having experiential activities, raises happiness levels (Grinde, 2002; Csíkszentmihályi, 2003; Goetz, Goetz and Robinson, 2007; Bolle et al., 2009). To the extent that entrepreneurs improve productivity and economic output, they would also contribute to incomes and wealth that also, up to a point, raise well-being significantly. Moreover, aggregate happiness can also indirectly be higher through the finding that happiness is interdependent (Bolle et al., 2009): entrepreneurs' happiness can rub off on the happiness of non-entrepreneurs.

Some empirical evidence shows that entrepreneurs also experience higher levels of job satisfaction than employees. This is because they value the independence and lifestyle flexibility of running their own business (Benz and Frey, 2004; Blanchflower, 2004; Lange, 2009; Moskowitz and Vissing-Jorgensen, 2002; Parker and Ajayi-Obe, 2003). Furthermore they experience "procedural utility", that is the *process* of being an entrepreneur provides enjoyment over and above the material success of being so (Block and Koellinger, 2009).

Not only does job satisfaction contribute substantially to life satisfaction (after all, it is the way in which most of our lives are spent) but entrepreneurs have also been found to be healthier, less prone to negative feelings and depression, and to experience flow, than employees (Bradley and Roberts, 2004; Ceja, 2009; Graham et al., 2004; Patzelt and Shepherd, 2009). We state the above hypothesis for opportunity-motivated entrepreneur but also to necessity-motivated entrepreneurs. Although necessity entrepreneurship is not entrepreneurship by choice, it may nevertheless increase the entrepreneur's independence and self-determination and therefore well-being.

We also hypothesize that well-being may have an impact on the decision to become an entrepreneur. Happiness has been found to be a causal factor of success in various domains, including work performance, productivity and creativity, domains pertinent to entrepreneurship (Amabile et al., 2005; Lyubomirsky et al., 2005; Mohanty, 2009; Oswald et al., 2009). The positive effect associated with happiness may crucially contribute to different ways of thinking –allowing more creativity and optimism (Seligman, 2002)– that are associated with entrepreneurship.

**Methodology:**

Because well-being is a complex construct we propose a set of variables (exhaustive but not totals) related to subjective well-being. Under the umbrella of Global Entrepreneurship Monitor, GEM in 2013 were incorporated a set of questions on the Adult Population Survey that include the Satisfaction With Life Scale (Pavot and Diener, 2008), an adapted scale of satisfaction with work-life balance (Valcour, 2007), five questions related to satisfaction with current work (including exposition to stress) and a happiness scale. At December 2013 there was preliminary data that includes 69 countries with a sample of a minimum 2000 individuals from each country, so we will have approximately 120,000 data points.

In 2011 and 2012 we developed a pilot study in the GEM survey in Chile. We have data of 6613 individuals that responded two questions related their subjective wellbeing. One is related with *Life satisfaction* in a 4-point likert scale. The second question is related to *Happiness* in a 7-point likert scale. For entrepreneurs we use those individuals that have initiated a new business within the year (nascent entrepreneurs). Moreover we distinguish among nascent entrepreneurs accordingly to their motive to start a new business. Thus we have three categories: (1) nascent entrepreneurs motivated by opportunity, (2) nascent entrepreneurs partially motivated by opportunity and (3) nascent entrepreneurs motivated by necessity. We control by some socio-demographic variables (age, sex, personal income, etc.)

We develop a model that relates the entrepreneurship decision and subjective well-being at individual level. To account for the reciprocal causation of these two variables we use suggest a system of two equations. One for the entrepreneurial decision as a function of happiness and a set of controls. The second equation, models subjective well-being as a function of the entrepreneurial decision and a set of controls. These two equations are estimated simultaneously using the two-stage estimation method described in Maddala (1983) available in STATA. This procedure provides consistent estimates for the coefficients, as well as their corrected standard errors (Keshk, 2003). Our idea is replicate this using all countries data and perform a multilevel approach using and country-level variables.

### **Results and implications**

Preliminary results indicate that, in average, nascent entrepreneurs by opportunity (mean=3.25) are happier than nascent entrepreneurs by necessity (mean=2.91). Moreover, our econometric estimations suggest that happiness increase when a person that was not an entrepreneur becomes an opportunity-based entrepreneur. If she or he becomes an entrepreneur by necessity or by partially opportunity his/her happiness does not change. Results with Life Satisfaction are similar. Regarding the effect of happiness on the individual entrepreneurial activity, our preliminary results provide evidence to state that happiness increases the individual likelihood of being an entrepreneur by opportunity but not the likelihood of being an entrepreneur partially motivated by opportunity or by necessity.

The results, even if tentative, suggest that entrepreneurship can matter for individual and societal development; beyond mere increases of “traditional” economic variables like income, job creation or GDP per capita. We suggest that it is time for entrepreneurship scholars and other disciplines to venture beyond material welfare. Several initiatives are now putting focus on subjective well-being like UNDP or the “Happiness Barometer Survey” developed by the Coca-Cola Happiness Institute, created in 2008 to provide credible scientific information to support the link between happiness and wellness. Entrepreneurship and well-being may be rewarding from the scientific, societal and policy making perspectives.

Track: EDUCATION

## The influence of UNL Entrepreneurship Program in students' entrepreneurial intentions

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**Keywords:** *Entrepreneurship - Student entrepreneurial intentions - Entrepreneurial training - Entrepreneurial education*

### Aim of the paper

This research sought to delineate the characteristics of the entrepreneurial spirit of students from universities located in the province of Santa Fe, Argentina. The analytic focus is on the differential of entrepreneurial intentions of students in universities with or without consolidated entrepreneurial development programs. It also attempts to compare both the institutional environment and corporate culture prevailing in the region under analysis, since the elements identified boost and allow for feasible new business ideas emerged in a particular local environment.

According to the reviewed literature, the presence of entrepreneurial spirit among students appears associated with several factors, which allows the generation of the following hypotheses:

- H1) The proportion of university students with entrepreneurial spirit is higher in universities with consolidated entrepreneurial programs.
- H2) Students attitudes characterized by self-confidence, creativity, proactivity and no risk aversion have greater entrepreneurial spirit.
- H3) Students who perceive opportunities to access to resources for the new venture have higher entrepreneurial intentions.
- H4) Students who have grown up in a business activity environment and / or atmosphere have more chances of having entrepreneurial spirit.
- H5) Work experience and previous training of the student increase the chances to realize entrepreneurial intentions.

### Background literature

The literature on the topic of entrepreneurship, on one hand postulates that entrepreneurs are born as such, that is, individuals with basically innate characteristics, while on the other hand, is also considered that entrepreneurs are made and the qualities that define them are acquired throughout their lives. Anyway, there is consensus that the "entrepreneurial gene" does not guarantee the business orientation of an individual and that entrepreneurs generally have needs for achievement and recognition, a creative and imaginative personality, confidence in their own abilities or self-confidence, orientation to action and initiative taking, a high need for independence and control situations, negotiation and leadership skills, high risk propensity and perseverance (Hornaday & Aboud, 1970; Green et al., 1996; Deakins, 1996). Likewise, the literature suggests that the ideas and ambitions of the entrepreneur are born during childhood and youth, but are developed in adulthood. In this way the entrepreneurial spirit is related to a set of cultural, economic, social and psychological factors (Gibb & Ritchie, 1982; Henderson & Robertson, 1999; Shaper & Sokol; 1982; Mason, 1997).

As shown by authors like Katz & Gartner (1988) or more recently Kantis (2004) within the entrepreneurial process to build intentionality is crucial in the entrepreneur. On one hand, entrepreneurial intentions are strongly connected with the activity of business creation and, on the other hand, they depend on the perceptions of the feasibility of the business launch, which are influenced by exogenous factors, including the perception to identify opportunities as described in the model (Krueger & Carsrud 1993).

In turn, the group of students and young university graduates are of interest since they have above average grades. They should be recognized as potential high and fast growing business founders, developing new markets through innovations and creating new highly qualified jobs.

## Methodology

This article presents results of an empirical study that was performed with a standardized written survey composed by 33 questions. The design of this research is based on a theoretical framework regarding student propensity to business creation called Gest Study, including the influential fundamental factors of the intention of business creation of students (Ruda et al., 2008). The empirical work was conducted based on a sample of 1235 students surveyed, corresponding to universities and faculties within the coverage area of research during 2011-2012. The surveys were especially focused on business, engineering and computing students, because these specializations register a higher propensity for business creation

In this way, observational research was made, of correlational type, in which it was analyzed whether association between the presence of entrepreneurial spirit and the different levels of the variables considered relevant in the theoretical framework exists: attitudinal, related to the environment and linked to university education.

## Results and implications

The character of the university where students study and the studies specialization group will condition the identification of entrepreneurial vocation. From the conceptualization of the entrepreneurial development program consolidated at the university level stands out the differential positive influence of UNL from the rest of universities included in the empirical work sample (hypothesis H1 is accepted). The fieldwork also showed that students expect that university includes among its priority goals entrepreneurial tools and knowledge so they can develop the necessary skills to start their own company.

An effective system for promoting entrepreneurship in universities requires consideration of student needs from the perspective of the creation of new ventures. It is an evolutionary process, with marked differences between their component groups. At the same time, these considerations should be formally anchored in the curriculum of the entrepreneurial learning process of students. This objective is necessary to capture important information for entrepreneurial decision directly alongside students.

The combination of four attitudinal characteristics: self-confidence, creativity, proactivity and no risk aversion and the reasons: unemployment, income, self-fulfillment and personal prestige, play an important role in the entrepreneurial intention but register divergent impacts: self-confidence and no risk aversion are accepted while creativity and proactivity should be rejected.

The surveyed students indicate that they perceive negatively the opportunities of access to resources for entrepreneurship, It was not possible to validate the hypothesis of its influence on their entrepreneurial intentions (hypothesis H3 is rejected).

Meanwhile, the combined influences of family and personal environment on the entrepreneurial vocation is not seen as relevant and therefore the hypothesis H4 is rejected. Previous experience in management is minor on the analyzed sample (16%) but not marginal in terms of the group with entrepreneurial vocation (30%). However, it cannot validate their influence on the entrepreneurial intention and therefore hypothesis H5 is rejected.

Students with the highest entrepreneurial vocation have attitudinal characteristics marked with demands for training on entrepreneurial issues, wanting to undertake new ventures in groups and considering that the entrepreneurial vocation can be acquired or trained.

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## **THE INTERNATIONALIZATION OF ARGENTINE SMEs: SOME EVIDENCE FROM THE SOFTWARE SECTOR**

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**Keywords:** *Software SMEs – Speed of Internationalization – Networks – Knowledge*

### **Aim of the paper**

This paper analyzes the internationalization behaviour of companies from the Software and IT Services Sector in Argentina, considering that they are part of an emerging economy where dimensions differ from developed economies (Arechavala, 2013). The research is based on a field study conducted on 14 companies located in the province of Santa Fe, which receive incentives from the government and research centres thus constituting an homogeneous sample.

### **Background literature**

The theoretical framework of this study is the Accelerated Internationalization Model from Oviatt and McDougall (2005) and in particular how knowledge and networks in which firms are involved affect internationalization of SMEs. The software sector in Argentina and in the province of Santa Fe has a high component of SMEs with rapid internationalization.

In the framework of this model it is possible to evaluate the factors that accelerate the internationalization process from two approaches: 1) from the perspective of the actor's behavioural process (company, entrepreneur, group) and / or 2) from the comparison of these behaviours among firms in different countries. It is in the first of these approaches where this research is centred, that is, putting the focus on the international enterprising actor.

Exploring the influence of networks and knowledge as factors enhancing the internationalization process (Bell, 1995; Knight & Cavusgil, 1996) assesses how networks and available knowledge impact the speed of internationalization shown by the companies under study. Recent works of Baraldi, Gressetvold and Harrison (2012) and Eberharda and Craig (2013) develop this stream.

### **Methodology**

In this exploratory study data production techniques such as surveys, interviews and reviews of secondary sources were used. The main production data arises from the application of a multiple cases technique according to Yin (1989) and Eisenhardt (1989) to evaluate the behavior of decision makers in firms (SMEs) and pull out tentative general conclusions (Denzin, 2005). In this sense the use of these cases it should be understood as a data collection technique (Ceballos Herrera, 2009) and not as an approach or research strategy (Marradi, 2007).

The case studies are based on 14 companies of the software sector, selected within the participants of the "International Strengthening Project" developed by the Ministry of Production in the Province of Santa Fe (Argentina) and Universidad Nacional del Litoral (UNL)<sup>1</sup>. This sample is based on the willingness of the

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<sup>1</sup><http://www.fce.unl.edu.ar/pages/posts/la-fce-y-la-provincia-concluyeron-una-capacitacion-conjunta-700.php?searchresult=1&sstring=software>

companies for participate in the project and not on the characteristics of the universe. It has the added value of being comprised of companies with a clear international vocation expressed precisely on the voluntary participation in the Program.

The project was completed over 10 months and comprised two stages: 1) (February to June) a theoretical and practical course of internationalization of SMEs aimed at chief executives of the selected companies and 2) (August to November) a specific and individual consultancy for each of the companies with the participation of the chief executive who attended the previous course and the entrepreneur and / or final decision maker if they were not the same person. The final stage (consulting) was to support the design and / or enhancement of a specific and actual internationalization project that sought to implement each one of the companies.

## Results and implications

Nine of the 14 SMEs (65%) have expertise in the field of international business. From the total of 9 companies actively involved in international markets, 8 (87%) accessed foreign markets within five years of creation, and 5 within the first two years (55%). Only 1 of 9 SMEs did it after five years. The sample then reveals a significant presence of "International New Ventures" or "Born Globals" with a preponderance of "products" offered in international markets (Knight & Cavusgil, 1996; Andersson & Wictor, 2003).

The importance of networks emerges clearly, both in terms of help making preliminary contacts and as a basis for business development. The ability to access relevant networks is of particular value to them as a means of acquiring tacit knowledge that can contribute to success in unfamiliar markets (institutionally "distant"). Corresponding to Coviello and Munro (1997), this study found that networks are of great importance for the internationalization of software SMEs. It has been observed that trade missions are valued more for the contacts that they provide than for market information.

The analysis suggests the importance of networks to explain internationalization, market selection and speed in the investigated companies, as showed in the study of Born Globals in Argentina conducted by Kantis, et al (2004). Some studies are complaining for the few efforts to develop policy guidelines for professionals working or advising international entrepreneurs (Autio, 2005), or for the authorities concerned of promoting the internationalization of SMEs. These policies can be strengthened by keeping research partnerships with universities or research institutes given that in Santa Fe they have the status of "brokers" (Oviatt & McDougall, 2005). The findings reveal that the "brokers" of local Networks and the links with clients in target markets are the main forces that helped these SMEs to internationalise rapidly.

The lack of knowledge of foreign markets can be reduced when firms increase the language skills of their staff and when they develop business models that allow the sale and distribution of software without direct contact with the customer, for example, through Internet distribution.

Therefore, it would be beneficial that the local government continues and deepens to help this SMEs sector by facilitating the construction of international networks, more missions and fairs promoting and facilitating access to financial resources. Such support would be particularly useful since many small software companies require more face-to-face contact for the purposes of demonstration, customizing, updating and training.

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# **Ambidexterity as Adaptive Strategy in Small Technology Firms from Emerging Economies**

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## **Keywords:**

Ambidexterity, exploration, exploitation, technology firms, small firms, emergent economies

**Track title:** Innovation

**Paper title:** Ambidexterity as Adaptive Strategy in Small Technology Firms from Emerging Economies

**Aim of the paper:**

We aim to document the relationship between the basic orientation (exploratory, exploitative or ambidextrous) and performance of young technology firms from emergent economies that commit to early internationalization, documenting the processes through which they discover, develop and adapt to technological and international market opportunities. We also seek to better understand the ways in which they develop and manage explorative, exploitative or ambidextrous capabilities in a context of relatively low resource availability, and the relationship these variables will have with performance.

**Background literature:**

Proposed initially by Duncan in 1976 (Duncan 1976), the concept of ambidexterity refers to strategies and capabilities that firms develop in order to explore new opportunity and knowledge domains, while at the same time exploiting knowledge already available within the firm in order to be profitable.

The relationship between both strategies was later explored and expanded by March (March, 1991) in discussing the conflicts that seem inherent between two ways of acting and learning in an organization: exploration and exploitation. Several authors, however, have discussed this alleged incompatibility between the two learning modes, and argue that not only are they not incompatible, but firms able to successfully manage the ensuing paradoxes will perform better and be more successful (Andriopoulos & Lewis, 2009; Denison, Hooijberg, & Quinn, 1995; Zi-Lin He & Poh-Kam Wong, 2004).

Several studies have discussed the ways and means through which an organization may build ambidexterity. They usually refer to two types of strategies organizations use to develop and manage ambidextrous capabilities: differentiation and contextual approaches. The first approach proposes the creation of differentiated units in order to separate and deal with the demands of the two kinds of learning. Contextual approaches, on the other hand, use behavioral and social means within the organization to enable and integrate exploration and exploitation capabilities (Andriopoulos & Lewis, 2009). Andriopoulos and Lewis point out, however, that tensions between exploration and exploitation emerge at different levels in the organization, A firm's ability to develop ambidexterity depends therefore on its ability to manage the ensuing paradoxes at those different levels, and its ability to fuel virtuous cycles of ambidexterity.

O'Reilly and Tushman (O'Reilly III & Tushman, 2004) conducted a study of thirty five innovation initiatives from established firms in industrialized economies, assessing their impact on the firms' operations and performance. Their study established that firms able to build their initiatives within ambidextrous organizations clearly outperformed the rest in terms of performance of the existing businesses, as well as in performance of their innovative enterprises. Han (Han, 2007) documents also cases of European firms in which ambidexterity enables superior internationalization performance. However, empirical research about the relationship between ambidexterity and performance has had mixed results (Junni, Sarala, Taras, & Tarba, 2013). Other authors, however, have pointed out that SME's must achieve ambidexterity with less resources (Chang & Hughes, 2012).

Raisch and Birkinshaw's extensive review (Raisch & Birkinshaw, 2008) of the ambidextrous organizations research literature provides a comprehensive framework of the antecedents, moderators and outcomes of organizational ambidexterity. They explicitly discuss and integrate the various insights from prior research while specifying the dominant relationships between the most relevant variables. Even though results about the impact of ambidexterity on performance seem inconsistent, Raisch and Birkinshaw point out that several studies identify moderating variables whose influence explains contradictory results. Such variables include market orientation, resource endowment and firm scope.

In emergent economies, traditional and more established firms tend to lean more towards knowledge exploitation, seeking to survive by ensuring that their products and services are adequate and valuable for their current customers and reducing costs to maintain their profitability and competitiveness. Until recently, new technologies and innovations tended to be introduced in domestic markets by foreign firms. However, rapidly internationalizing firms from emergent economies are usually forced to develop both explorative and exploitative capabilities in order to offset their late-mover disadvantages (Yadong Luo & Huaichuan Rui, 2009) in international markets.

Zi-Lin and Poh-Kam (2004) report results of an empirical study that tested the ambidexterity hypothesis by surveying 206 manufacturing firms in Singapore and Malaysia. In comparing firm performance, they report that ambidextrous companies exhibit better performance, as measured by sales growth, while firms that are either primarily exploitative or primarily exploitative (i.e. unbalanced strategies) show poorer performance. Most of the published literature that seeks to understand the ways in which firms may develop ambidexterity, however, deals with established firms from industrialized countries, and there is still a need to understand how startup firms from emergent economies are able to develop ambidextrous capabilities and successfully compete with more established firms from developed economies.

## Method

We use a comparative case study method to analyze eleven technology firms from Western Mexico, all of which operate on the basis of recently developed technologies, with plans to enter international markets or having done so within a few years from their creation. Case studies were conducted as part of an ongoing consulting service and through explicitly designed interviews and surveys.

Following Zi-Lin and Poh-Kam (Zi-Lin He & Poh-Kam Wong, 2004), our case studies are explicitly aimed, at this stage, at understanding the behavior and inter relationship of variables reflecting exploration and exploitation strategies, including quality management, standardization and/or improvement of products and services, productivity and client orientation, new market exploration, process/product technological innovation, new product/service development.

## Results and implications

As opposed to ambidexterity that mature firms from industrialized economies develop in response to product and technology life cycles, entrepreneurial technology firms from emergent economies respond more to uncertainties and opportunities that appear both in technological and in foreign market domains. In order to survive, they need to quickly adopt exploitative capabilities, while at the same time they need to rapidly explore and adapt to new opportunities. Given that they are small firms, entrepreneurial teams must share the tasks of developing both explorative and exploitative capabilities and, in order to face such challenge, they display much stronger network-building behaviors and actively develop alliances that help them grow faster than firms that behave predominantly as either explorative or exploitative.

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## **Knowledge Acquisition in Biotechnology Networks in an Emergent Economy**

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### **Keywords:**

Knowledge flow, learning, biotechnology firms, emerging economies, innovation systems

**Track title:**

Innovation

**Paper title:**

Knowledge Acquisition in Biotechnology Networks in an Emergent Economy

**Aim of the paper:**

Given that conditions for knowledge acquisition in emergent economies are fundamentally different in emergent, as opposed to industrialized, economies, we seek to document the ways in which biotechnology startup firms find and acquire the knowledge they need in order to develop and exploit their products and processes. Our aim is to understand the role and the structure of the networks they build and to document the entrepreneurial vision that guides their efforts in this endeavor, looking into formal and informal ties that enable firm knowledge acquisition and learning.

**Background literature:**

The challenges that biotechnology firms face are rooted in the deep uncertainty of the science involved and its applications, the complex and heterogeneous nature of that knowledge, and the rapid pace of scientific advancement in the disciplines involved (Pisano, 2006). The knowledge and capabilities used in biotechnology firms comes from a wide variety of fields, and can therefore be applied in very different domains (Nosella, Petroni, & Verbano, 2005) This complexity gives rise to different strategies and niches in the transformation of knowledge into business opportunities (Bigliardi, Nosella, & Verbano, 2005). Since both the markets of biotechnology products and the science base that enables product development increasingly tend to be global (Brännback, Carsrud, & Renko, 2007), firms must be very proactive in finding and developing the sources of knowledge they need in order to successfully enter international markets. In order to succeed, biotechnology firms need to be open and to actively acquire knowledge from external sources: other firms, public research institutes, universities, and so on.

Patterns in the development and diffusion of biotechnology knowledge are considered to be location- specific phenomena. Institutional factors shape the skills, capabilities and knowledge that accumulate over time (Bartholomew, 1997). Mechanisms that enable access to external knowledge are based in shared values, institutions and processes that enable specific kinds of social interaction (Doloreux & Parto, 2005). These interactions typically involve formal and informal collaborations, and personnel mobility among firms. Thus, knowledge acquisition in a firm is a function of internal capabilities, including absorptive capacity (Cohen & Levinthal, 1990), and external links, including formal and informal ties. The set of external links will have a structure determined mostly by geographical proximity to specialized knowledge sources (Gertler & Levitte, 2005; Hagedoorn, Roijakkers, & Van Kranenburg, 2006). The structure and role that external links have will change as the firms' development and position advance from idea generation to product development to commercialization (Hendry & Brown, n.d.), and with the roles and the niches companies find in the value chain (Bigliardi et al., 2005), as well as with the business models and goals they assume (Mangematin et al., 2003).

Most of the research in the field of knowledge acquisition and learning in biotechnology firms, however, has naturally been conducted in industrialized economies (Breschi & Catalini, 2010; Fabrizio, 2009; McKelvey, Alm, & Riccaboni, 2003). Emergent economies, on the other hand, exhibit significant differences in the institutional context, in the availability of R&D infrastructure, and in the business and entrepreneurial culture (Bruton, Dess, & Janney, 2007; Casas, de Gortari, & Santos, 2000; De Clercq, Danis, & Dakhli, 2010). These differences shape the challenges that biotechnology firms face in acquiring external knowledge and in the process of creating and developing their collaboration networks.

**Method**

We use a comparative case study method to analyze nine biotechnology firms from Western Mexico, all of which operate on the basis of recently developed technologies, with plans to enter international markets or having done so within a few years from their creation. Case studies were conducted as part of an ongoing consulting service and through explicitly designed in-depth interviews. Content analysis of the interview transcripts was used in order to elicit the firms' learning and collaboration strategies, and to characterize the firms' strategy for knowledge acquisition, the mechanisms they use in order to find the knowledge they need in

order to develop their products and processes, and the ways in which they build the local, regional or global ties they require for that purpose.

## Results and implications

Our results show that learning biotechnology networks in the region are still fragmented and in the process of development. Strategies deployed by firms participating in the study, however, included not only the construction of collaboration links with other regional organizations, but with other firms and organizations in the nation and globally. Firms tend to seek more the establishment of formal, rather than informal, links. The preferred source, whether regional, national or global, is related to the firm's absorptive capacity, as reflected by their internal R&D resources, including having an R&D unit. Search for relevant knowledge in the firms studied included initially the exploration of different local sources, but increasingly resorting to efforts to find sources farther away. In doing so, firms need to invest significant resources in developing collaboration links and networks, in order to be successful in such endeavor. We thus contribute to the understanding of the differences in the process of development of innovation networks in emerging, as compared to industrialized economies, and the ways in which startup biotechnology firms find their place in the global competitive arena.

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Entrepreneurship and Sustainability

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Key-words: Entrepreneurial intention. Entrepreneurial training. Students.

Track EDUCATION

## Entrepreneurial propensity of students of technological colleges in Santa Fe, Argentina

### Aim of the paper

This research looked forward to delineate the main characteristics of the entrepreneurial vocation of the university students, who attend different courses in universities located in the center region of Argentina, focusing the analysis on students of technological colleges.

The academic literature on entrepreneurship has strongly focused on the factors of success in the start-up businesses and in developments one. However, there was a very little consideration to the prior process involved in a business creation. Therefore, this work look for derive appropriate proposals of support for business initiation which have decisive influence on the decision of potential entrepreneurs at the moment to start a new company.

As shown authors such as Katz & Gartner (1988) or more recently Kantis (2004) within the entrepreneurial process, the construction of intentionality in the entrepreneur is crucial. The entrepreneurial intentions are strongly connected with the activity of creating business, in other way, they depend on the feasibility perceptions of the launch business, which are influenced by exogenous factors, between which emerge the perception to catch opportunities (Shapiro & Sokol, 1982; Krueger & Carsrud 1993).

Students and college graduates have normally superior average ratings, they should be recognized as potential founders of high and fast growing companies, developing new markets through innovations and creating new jobs with high qualification. Thus, the presence of entrepreneurial vocation among students emerges associated to several factors, deriving the following hypothesis:

H1) the proportion of University students with entrepreneurial vocation differs by type of university (public/private) and specialization of studies (technology or non technology).

H2) the students with personal attitude more marked than the other have more chances to own entrepreneurial vocation.

H3) the student visualization of role models to follow and/or a better assessment of the entrepreneurial culture in the region, increase the chances that he/she possess entrepreneurial vocation.

H4) students who have grown up in an environment or atmosphere for activity business have more chances to have entrepreneurial vocation.

H5) work experience and specific training of students increase the chances of own entrepreneurial vocation.

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## Methodology

This article presents the results of empirical work that was carried out using a written survey (with 33 questions). The design of this research is based on a theoretical framework called GEST aimed at studying student inclination to business start-up, which includes key influential factors of the intention of creating business in students (Ruda et al., 2009). We worked on the basis of a sample of 962 students surveyed; corresponding to universities located in Santa Fe Province, Argentina, during the years 2012 & 2013. The survey focused especially on business, engineering and computer science Students, because these specialties recorded a higher propensity for entrepreneurship (Josten et al. 2008; Ruda et al., 2009).

It was carried out an observational research, co-relational type (Chronbach's alpha measure), which analyzed if there was association between the presence of entrepreneurial intention and the different levels of the variables considered relevant in the theoretical framework, attitudes related to the environment and linked to university education. For processing it was used Software SPSS Ver. 19.0

## Results and implications

The majority (more than 50%) of the students surveyed are classified in the category of *layman* in entrepreneurship, not verifying a significant difference among diverse careers or studies in this category. The Group of students with detectable entrepreneurial vocation (interested, preparer and founder) represents about 25% of the whole sample. There is a lesser entrepreneurial propensity of "technological students", in comparison to "non-technological students".

The kind of the University where the students take classes and the specialization of study group, condition the entrepreneurial vocation, accepting the hypothesis. The combination of four reasons: unemployment, income, self-realization and personal prestige are important or very important for the business start-up, but there are different impacts: income and self-realization are accepted while unemployment and prestige should be rejected. In the sample analyzed the influence of gender on the entrepreneurial propensity is made clear in the

entrepreneurial vocation Group since male students recorded an entrepreneurial intention more than women (hypothesis is accepted).

Furthermore, the combination of family environment and personal influences in the entrepreneurial vocation cannot be seen as relevant and therefore the hypothesis is rejected. Experience in the management of human resources is minority in the sample analyzed (16%) but it is not marginal in terms of group-minded entrepreneur (30%). Anyway cannot validate their influence in the entrepreneurial intention and therefore the hypothesis is rejected. Students with higher entrepreneurial vocation present attitudes characterized by demands of entrepreneurial training; wish to embark in group and by considering that the entrepreneurial vocation can be caught or trained; accepting the hypothesis.

Surveyed students expect that the University should include, within its priority goals, to provide tools and entrepreneurship knowledge so that students can develop the needed skills to launch their own company. An effective system of promotion for business start-up at universities requires consideration of the student needs under the perspective that entrepreneurship is an evolutionary process, with marked differences between its component groups. At the same time, these considerations should be formally included in the curriculum of entrepreneurial learning process aimed for students.

## **"Entrepreneurial propensity of university students in selected countries of Europe and Latin America - GEST Study"**

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Foreword business start-ups have a very important economic roll. Just innovative start-ups exert positive effects on structural change, technology transfer, economic growth and employment. Under this context, an important role belongs to the universities, beyond its training role, from university's academic research findings are often transferred from academics into promising entrepreneurial innovations. While the entrepreneurship research focused increasingly on the success of the start-up, the influencing factors in the previous process to the start-up remain largely unexplored. The launching and existence of companies is assumed mostly easy, but just the formative stages of companies have a decisive influence on their future prosperity.

In the framework of the research project called "GEST Study (entrepreneurship among students)", entrepreneurial characteristics of students who have an influence on their entrepreneurial propensity and decision, were empirically examined will since 2007. In addition, different criteria that are related to a potential founding activity are analyzed such as support needs, establishment size, and target market. The GEST Study was conducted by the German Center of Entrepreneurship (ZMG), at the Kaiserslautern University of Applied Sciences, Zweibrücken, Ludwigshafen (Germany) and Rafaela (Argentina). Different colleagues and students from different countries provided their support to this project. Particularly, it's important to mention among other colleagues, Prof. Dr. Wolfgang Gerstlberger (Syddansk University, Odense, Denmark) and Prof. Dr. Wolfgang Arnold (University of Central Hessen, Friedberg, Germany).

The GEST Study interviewed especially students of business administration, engineering and computer science, because the highest entrepreneurial activity is observed in the group of graduates in these disciplines. Further, the samples include both, undergraduate students as well as graduate students with professional, executive and business experience, are also represented. The survey is carried out written questionnaires, which was designed from the literature review, so that results of other studies on this topic can be compared to the primary data. The research design is based on a theoretical frame of reference about the propensity student's start-up that represents the fundamental factors of influencing the start-up intention of students.

The findings show a substantial but minor proportion of potential founders among the surveyed students. The largest number of surveyed students were categorized as "founding layman" - which so far still not on entrepreneurship have engaged in, but and because their way of face the challenges and risks, therefore this group could be understood also as potential entrepreneurs among students if the need is reflected and consider them as target group and orientation to design entrepreneurial training and programs of promotion to

the start-up at university, so that students are taught to catch entrepreneurial skills. Then, they would refrain because rarely, despite existing business ideas, merely due to lack knowledge of the own or close start-up.

In the current phase of the project have been carried-out cross-national comparisons among different countries, especially of Europe and Latin America. Now exist as well as German data questionnaires from the following countries: Argentina, Brazil, Chile, China, Denmark, England, France, Greece, India, Canada, Colombia, Latvia, Mexico, Poland, Russia, Switzerland, Slovenia, Spain, Ukraine and Hungary. The international expansion of the project allows facing the German data to those from other countries and cultures, making possible the detection of other influencing factors in the student training process.

**ICSB 2014 World Conference: Entrepreneurship and Sustainability**

**Track: Innovation**

**Managing Corporate Entrepreneurship: Organisational Practices**

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## **Aim of the Paper**

Innovation is consistently identified as one of *the* priorities necessary for the sustainability and competitiveness of businesses, regions, countries, nations, and ultimately, global success and survivability. The aim of this paper is to evaluate the role of entrepreneurship in the innovation strategies of corporate organisations. We explore the recruitment, hiring and retainability of entrepreneurial executives by corporations in the energy, infrastructure and professional services sectors, during one of the most severe economic downturns in UK history. Primary research, during 2008/2009, consisted of two focus groups with executive recruitment search teams, and senior managers of corporate organisations; an on-line survey of 291 corporate executives; and a critical review of executive search assignments (job specifications).

Terms such as “innovation”, “entrepreneurship”, and “creativity” are often used, but not always well-defined. Patterson (2009) distinguishes between creativity, which is the generation of completely new ideas; and innovation, a broader concept, which includes application. This paper offers a new way of conceptualising entrepreneurship at both the individual and corporate levels, which distinguishes it from innovation, by focusing on the underlying processes involved.

Findings reveal the importance of individual, group, and organisational processes in the encouragement or inhibition of corporate entrepreneurship. Our paper complements existing literature by combining different levels of analysis in one study, and drawing on literature from both the entrepreneurship field and that of organisational behaviour. We conclude that, to be effective, corporate entrepreneurship strategies need to implement corporate-wide mechanisms to encourage and enable entrepreneurial behaviours, such as inter-departmental communications and collaboration.

## **Background Literature**

There have been many previous studies designed to investigate and measure entrepreneurship in corporate organisations, focused on different units of analysis. These different aspects can be usefully categorised under three main themes: employee characteristics, group dynamics and the work environment (Patterson et al; 2009). So, the focus can be on individual, group/team and/or organisational level of analysis. Previous studies have found that a vital antecedent to corporate entrepreneurship and innovation is a supportive incentive and reward system (De Jong et al. 2011; Hornsby et al. 2002; Kanter 1996). This study investigates the relationship between rewards and incentives, and entrepreneurial performance of corporate executives, and their perceptions of the level of entrepreneurial climate in their organisation.

A meta-analysis of team-level predictors of innovation in studies spanning thirty years identified a set of variables displaying generalisable correlations with corporate innovation including: vision, internal and external communications, support for innovation, task orientation, cohesion, and goal interdependence (Hülshager et al. 2009). In the entrepreneurship literature, the Corporate Entrepreneurship Assessment Instrument (CEAI) aims to measure management support; work discretion; rewards/reinforcement; time availability and organisational boundaries (Hornsby et al. 2013). The latter is measured according to the extent of mechanisms such as: following standard procedures; written rules; clear role expectations and lack of uncertainty. The dimension of “work discretion” in the CEAI includes latitude to make one’s own decisions, freedom from excessive oversight, and the delegation of authority and responsibility to lower-level managers and employees. Organisational structure has historically been related to organisational performance and research has shown that as structuring increases so centralisation (of authority, communications, decision-making etc.) decreases. Innovation, it is argued, is more likely to arise, in turbulent environments, within flatter organic structures, rather than bureaucratic hierarchical ones (Burns and Stalker 1961).

## **Methodology**

A mixed method approach incorporating both qualitative and quantitative research techniques was used. Initially, a focus group with executive search teams was conducted to gather data about their perceptions of corporate entrepreneurship. This was complemented by a critical review of executive search assignments (job specifications). This initial qualitative stage was followed by an on-line survey emailed directly to 3,000

corporate executives during 2008/2009. Access to respondents was via Cripps Sears & Partners, specialists in international executive recruitment in energy and natural resources, infrastructure and professional services sectors. Based on a review of literature on corporate entrepreneurship and innovation a scale was designed to measure the extent and level of mechanisms to encourage/facilitate entrepreneurial behaviour in corporate executives. A series of 21 statements (items) was developed derived from previous studies to represent key factors in an organisational structure and culture supportive of innovation. These factors comprised the dependent variable and included: the existence of work groups/teams; open communication systems; cross-functional collaboration; rewards for innovation and creativity; and mechanisms for distributing organisational intelligence and innovation. Individual entrepreneurial performance was measured using a short eight item scale also developed for this study, based on previous studies. A number of other independent variables were also tested: including job role, sector, number of employees, employee motivation, intended tenure in current organisation; and age and gender. A second focus group with senior managers in corporate organisations sought reactions to the on-line survey findings.

## Results and Implications

Results showed that large organisations were less likely than small firms, to exhibit the characteristics associated with an entrepreneurially supportive organisational structure, such as decentralised decision-making and open, democratic cross-functional communications. There was a positive correlation between organisational structure and type, and the expected length of tenure. This indicates that the more entrepreneurially supportive the organisation, in energy, infrastructure and professional services sectors, then the more likely high-performing entrepreneurial executives would want to remain. In addition to rating the support for entrepreneurial behaviour in their current organisation respondents were also asked to rate their ideal type of organisation. Findings showed that the greater the entrepreneurial performance of executives, as modelled by our entrepreneurial performance scale, the more entrepreneurially the type of organisation they wished to work for (i.e. ideal type).

Size of organisation emerged as a key variable influencing perceptions about the level of support for entrepreneurial behaviour. Executives in smaller organisations with fewer than 50 employees, were more likely to rate their organisation as supportive of entrepreneurial behaviour. As two-thirds of these small firms were in the energy sector, it may be the case that sector is also an important moderating variable. Deregulation in the energy sector was aimed at creating efficient and competitive wholesale markets within a framework of globalisation and liberalisation. A consequence is the potential for small firms to compete and/or partner with large organisations, particularly in providing new and renewable energy technologies and bio-fuels. In this environment it may be the case that small firms supportive of entrepreneurial behaviour are more likely to prosper. However, further research is needed to corroborate these findings, by investigating entrepreneurial behaviour in small firm entrepreneurial networks, across different sectors. In fact, the findings of our study do support recent theory which indicated that strategic entrepreneurship and collaboration can enhance innovation and wealth creation for both large and small firms (Ketchen, Ireland, and Snow 2007).

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# **EFFECT OF ENTREPRENEURSHIP MOTIVATION MEASURES TO TALENT RETAIN: THEORETICAL CONSIDERATIONS IN CONTEHT OF LATVIAN REGIONAL DEVELOPMENT**

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## **Abstract**

Migration of economically active people is a wide topic researched by several disciplines, including economics, political science, sociology, psychology, history, culture and finance. This paper examines just small segment of this large theme: voluntary retention of talented people in regional growth centres for career and entrepreneurship purposes created by implemented entrepreneurship motivation policy measures. Talented individuals causing interest represent pull of education, knowledge and skills that are widely demanded across rural territories, cities, regions and countries. Authors presume that this process reflects influence of globalisation to small economies, as their value and contribution to local economy exceed territorial and cultural and business differences and disproportions. The report analyses what entrepreneurship actions should be recommended at local level, by city, rural administration, region, to promote attractiveness of particular area for talented people.

The issue of talent and talented people, as well as promotion of their commercial outputs has raised increasing interest among wide groups of academics and practitioners. Moreover, the talent war presently is a global reality because there are limited by number individuals within each sector who could be assigned as supreme quality. Such top performers generate a great deal of innovations, revenues, profit, and overall success for their organizations across all industries and sizes, and organisations respond with a growing demand for talents. In our study we analyse the development of nature of term talent in small region's perspective and assess talent processes and reasons why winning it is crucial for territorial competitiveness, development and sustainability. The specific contribution of the current paper is in developing more clearly conceptual boundaries of talent management policies.

The regional development includes structural changes of economics increasingly linked with decline of low skilled jobs and growth of knowledge based industries. To compensate deficit of demanded high knowledge workers not supplied in labour market by educational institutions majority of regions need to attract external talent. The most welcomed group are young, ingle and educated youth, preferably with practical skills. There are two main motivations: employment or economic career opportunity and lifestyle driven by "boring" hometown, quality of life, weather, cultural, social, tolerance, housing and other locational factors. It is important to stress that factor priorities are changing in line of time and age of migrants. Attraction or creation of new employers in knowledge industries increase demand for talent, and opposite – growing pull of talented university graduates attracts new employers.

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Authors also develop a theoretical model of talent development and retention, return and attraction management policies. In so doing authors reviewed a large number of research literature sources. Thus, the paper should aid future research in the area of talent management through (1) designing proper entrepreneurship early stage training measures for young university graduates to retain university talents (2), fine-tuning entrepreneurship competition and motivation measures helping return emigrated talents and approaching diaspora in EU, (3) developing an integrated offer to attract and keep young talents in cities and regions by providing attractive housing, entrepreneurship enhancement and university innovation ecosystem environment and further developing clear understanding of talent conceptual management processes.

Talent we understand to be top 10-20% individuals with best of “the sum of a person’s abilities ... his or her intrinsic gifts, skills, knowledge, experience, intelligence, judgement, attitude, character and drive, ability to learn and grow”.<sup>2</sup> The strategy to develop local talent pool is backbone for state’s knowledge economy. The goal of external talent attraction strategy is simply to draw in people from outside home regions, or abroad. It is assumed that the target individuals have various choices of places to move with few administrative and legal barriers. Developed regions in EU fight for attraction of talented people from all member states with little administrative burden but with different innovative approaches for attraction of skilled people. The retention in the context of this research we define as keeping employed local or foreign students in particular region not taking into account short term education, skills and experience obtaining mobility activities usually ending as return back to homeland. The re-emigration or return strategy is based on attractive offer with aim to return skilled people back to homeland after long period of leave, e.g. over ten years or more.

The economic opportunities in location package offered to talent play important roles. Literature outlines a number of such activities where person’s income level plays crucial role. In line with this employment promotion and entrepreneurial motivation measures play important role. In general talent policies should be embedded into wider economic development policies, e.g. what is good for talents, is also good for city or region. Research shows that such direct subsidy driven measures which entrepreneurship motivation measures implemented in Latvia definitely are should be well targeted to existing market failure or bottleneck to be with high performance. Often importance of open to all individuals without competition fiscal incentives are neglected or limited. Paper assesses several research human capital building, entrepreneurship motivation and early stage entrepreneurship support measures and their influence to talent pull growth in Latvia.

Within aforementioned context authors have analysed case of Latvia which is interesting with its dramatic recent changes and financial challenges. There are identified two trends regards to talent war. Firstly, migration is the path to population growth and economic welfare. Secondly, technological and economic growth in line with education, wide medical treatment and high level of welfare has resulted to low birth rate and gradual shift in societal values. The both trends provide quite critical outcome – more than 200 ths of economically active population have migrated from Latvia to more developed countries. Until last financial downturn among attitudes were willingness to obtain new knowledge, skills, practices and then return and adopt back in Latvia, then now people have lost confidence in state’s political ability to improve economic situation, therefore individuals prefer to migrate to developed member states and benefit with high welfare level immediately and not wait for decades in poor environment with rapidly growing income disproportions.

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<sup>2</sup> Michaels E., Handfield-Jones H., Axelrod B. The war for talent. Harvard Business School Press, Boston, MA, 2001

To meet this challenge government has announced specific people return program providing limited transfer allowance for emigrated people to stimulate their returning back to homeland. The paper provided special attitude to investigation of entrepreneurship motivation program consisting of almost twenty activities

Authors discuss how decision-makers can better meet increasing global talent demand at local rural village, city and region. Specifically, authors offer the following research-based recommendations (1) increase critical role of regional universities and their research centres by implementing smart specialised collaborative education, research and technology development policies; (2) strengthen and better target measures for early stage entrepreneurship motivation; (3) provide more clear understanding and integration of talent management processes in region's main development policies. Implementation of these recommendations can at least slow down talent emigration processes in Latvia and reshape them in a longer run into growth and attraction strategies, but Latvia's practice might be replicated to other small and developing regions or economies.

**Keywords:** *entrepreneurship education, entrepreneurship motivation, regional development, talent war; talent definition, talent management; talent pools; talent retention; talent return, talent attraction, global*

# **Entrepreneurial Orientation and Sustainable Development Engagement in Spanish SMEs**

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**Key Words:** Entrepreneurial orientation, sustainable development (SD), Corporate Social Responsibility (CSR), SMEs, Spain

**Abstract:****Track Title:** Sustainability**Paper Title:** Entrepreneurial Orientation and Sustainable Development Engagement in Spanish SMEs**Aim of the Paper**

The aim of the paper is to enhance understanding of the relationship between entrepreneurship and engagement in sustainable development (SD), drawing on an empirical analysis in Spanish small and medium-sized enterprises (SMEs). The research is part of an international project called "International survey on corporate social responsibility and sustainable development in SMEs" aimed at developing reference knowledge about the commitment of SMEs to SD practices, and to identify the most effective means of supporting them (Observatoire international du développement durable en PME, 2013).

**Background Literature**

Several studies underline how entrepreneurial behaviour and values lie at the base of sustainable development (SD) and Corporate Social Responsibility (CSR)-oriented strategies and actions (Revell and Blackburn, 2007; Spence, 1999; Spence and Lozano, 2000; Vyakarnam et al., 1997). Especially in SMEs, which constitute the backbone of the socio-economic systems in the vast majority of the world, the presence of ethical values of the entrepreneur represents a fundamental driving force in the adoption of CSR and sustainability-oriented practices and strategies (del Baldo, 2013; Nielsen and Thomsen, 2006; Spence and Schmidpeter, 2003; Spence et al. 2003; Russo and Perrini, 2010).

Ethical issues of small firms are particularly tied to subjective and contingent factors (i.e., the importance of direct and personal relationships, the connection between ownership and control, and the central role of the entrepreneurs and their families) as well as objective ones (i.e., the simplicity of the company organizational structure; the frequent and direct relationships with employees and more generally with stakeholders, the strong embeddedness within the local community) (Longenecker, 1989; Longenecker et al., 2006). There are different theoretical explanations for the relevance of ethical standards among entrepreneurs. These include a greater commitment to the expectations of society (Solymossy and Masters, 2002), use of personal values (Bucar and Hisrich, 2001), social contract theory (Bucar et al., 2003), social success theory (Sciarelli, 2007), stakeholder and agency theory (Batchelor et al., 2011), and stewardship theory (Devis et al., 1997).

Based on these different theoretical perspectives, we argue that SD engagement and entrepreneurship-oriented strategies of small businesses are not in conflict but are mutually reinforcing. This leads us to formulate the hypothesis that SD engagement is positively associated with the common measure of entrepreneurship at the firm level, i.e. entrepreneurial orientation. Furthermore, in an attempt to improve our understanding of the more specific mechanisms that link entrepreneurial orientation with SD engagement, we posit additional hypotheses about other firm characteristics that influence the involvement in SD such as strategic integration and internationalisation.

**Methodology**

In order to evaluate our hypotheses, we will rely on a data set of Spanish SMEs collected through a telephone survey with owners and owner-managers. The questionnaire, developed by Courrent, Labelle and Spence (2013) for the international project, was translated into Spanish and Catalan. The interviews were conducted by telephone with a structured and computer-assisted questionnaire (CATI) and were undertaken by a specialized firm during December 2013 and January 2014. A total of 300 companies with more than 10 and less than 199 employees were interviewed, from a representative sample of SMEs located in the region of Catalonia (Spain), which we stratified by size, business sector and province.

We will run data analysis (regression) during February 2014 and finalise the paper in March 2014.

**Results and Implications**

The expected findings from our research will challenge common assumptions about human economic behaviour, and about the motivation, objectives and attitudes behind the economic activity of individuals and firms. In particular, we are interested to show that SD engagement is not contradictory but consistent with attitudes and strategies underpinning entrepreneurship. In this sense, the research contributes to shifting the focus from the social orientation-performance debate to exploring to what extent a social orientation is

compatible with a strategic entrepreneurial orientation. The work has also practical implications for public policies aimed to promote CSR and sustainability in local contexts since it aims to re-evaluate the proactive role of succesful SMEs in developing their socio-economic environment.

# **Influence of Entrepreneurial Orientation on the Environmental Intention of SME's Managers in the Textile-clothing Industry**

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**Key words:** corporate social responsibility, environmental intention, entrepreneurial orientation, textile-clothing sector.

## 1. Research question

For Ajzen (1991; 2002), the intention has a major role in predicting different types of behavior. It is the best predictor of the future behavior. It is essential to perceive the practices which are necessary to lead towards ecological organizations (Flannery and May, 2000). Like Ajzen et al. (2011), Kuckertz and Wagner (2010), Martin-Pena et al. (2010) and Perrin (2011), many researchers dedicate their works to the behavioral intention of managers towards environment. However, it is of interest to only a few of them to study the impact of the individual's personal characteristics in explaining the environmental intention. More precisely, the influence of the managers' entrepreneurial orientation on their environmental intention has been very little explored in the specialized literature in corporate social responsibility and entrepreneurship. Despite the interest on works on companies' environmental strategies, environmental matters from an entrepreneurial point of view, have not been of interest to the research in management (Cohen and Winn, 2007).

According to Quairel-Lanoizelée and Auberger (2005), Paradas (2006), Spence et al. (2007) and Spence et al. (2008), the managers' personal characteristics are fundamental to explain the involvement of SMEs in sustainable development. Individual values are a powerful predictor on ethical intention (Elango et al., 2010). More particularly, Spence et al. (2007) state that the managers' entrepreneurial orientation is fundamental in the implementation process of environmental practices within companies.

Kolvereid and Isaksen (2006) confirm that some dimensions of the entrepreneurial orientation can be considered as antecedents of intention and behavior. Also, Lumpkin and Dess (1996) assert that the entrepreneurial orientation refers to intentions and actions of the actors operating in a dynamic generative process aiming at new business start-ups. So, Fayolle et al. (2009) argued that these authors leave the world of observable behaviors to explore their psychological antecedents.

The aim of this article is to study how entrepreneurial orientation influences managers' environmental intention in the textile-clothing sector in the Sahel region in Tunisia. In the field of business ethics, researches on the ethical intention are very rare in the Maghreb (Ben Oumlil and Balloun, 2009). In Tunisia, themes on the environmental behavior process are very little explored (Mejri, 2008). Apart from the works of Ben boubaker Gherib and Berger-Douce (2008) and Spence et al. (2007; 2011), the current knowledge on this process is poor. Moreover, a few research focus on PMEs (Spence et al., 2007) in the emerging countries (Ben boubaker Gherib and Berger-Douce, 2008; Luetkenhorst, 2004).

## 2. Conceptual framework

For Ajzen (1991), intention is supposed to perceive the motivational factors which influence behavior. This concept has been largely studied in different fields as psychology, marketing, human resources management and entrepreneurship. In the field of environmental development, definitions of the concept rarely exist. According to Hines et al. (1986), the environmental intention refers to the will of acting or behaving in a certain way. It represents an interaction between cognitive and personal variables. The environmental intention occurs at the time when a person publicly declares to want to carry out an action. For Martin-Pena et al. (2010), it determines the way in which the managers deal with environmental issues.

We define environmental intention as a major phase of the cognitive implementation process of entrepreneurial actions with a view to solve environmental matters. It is an individual will conditioned by organizational, cultural, political and economical contexts.

From its part, the concept of orientation is largely studied in the entrepreneurship literature. In 2011, a special issue of *Entrepreneurship Theory and Practice* was entirely dedicated to this subject. According to Wales et al. (2011), more than 150 studies on entrepreneurial orientation were conducted and were the object of numerous controversies (George and Marino, 2011; Slevin and Terjesen, 2011). For some researchers, the latter is a dispositional construction (Voss et al, 2005). For others, entrepreneurial orientation is of behavioral nature (Pearce et al. 2009). In spite of theoretical divergences, operationalization of entrepreneurial orientation includes at the same time both attitudes and behaviors (Covin and Lumpkin 2011).

The research of Miller (1983) represents a founding work on entrepreneurial orientation. He developed a construct in three dimensions, namely innovativeness, proactiveness and the risk taking. The article of Lumpkin and Dess (1996) is a reference in the field of entrepreneurship. Besides these three dimensions, they integrate autonomy and competitive aggressiveness. However, more recent works, namely those published in the special issue of *Entrepreneurship Theory and Practice*

(September, 2011) are rather favorable to a conceptualization of the entrepreneurial orientation according to the approach of Miller (1983).

In our study, we consider the manager's entrepreneurial orientation through innovativeness, proactiveness and the risk taking. Each of these dimensions has a positive impact on the manager's environmental intention. Thus, we formulate 3 research hypotheses:

Hypothesis 1: the manager's proactiveness influences positively the environmental intention.

Hypothesis 2: the manager's innovativeness influences positively the environmental intention.

Hypothesis 3: the manager's risk taking influences the environmental intention.

### **3. Design of the study**

Industry is one of the sectors that cause most damages to environment (Cohen and Winn, 2007). It represents a high ecological and environmental risk. In Tunisia, despite remarkable efforts in the field of environmental protection, the country has never had to face such important ecological issues (Mejri, 2008). We focus on the industrial textile-clothing industry. We have chosen only one sector because the environmental issues are quite homogeneous (Flannery et May, 2000), and ecological consequences are similar (Bansal et Roth, 2000). The environmental challenges in this sector are particularly important. On the one hand, materials and production processes implemented are very polluting. On the other hand, SMEs are highly subject to standardization requirements of government and foreign customers.

The textile-clothing industry is composed of 2,036 companies. It represents a high proportion (36%) of the overall national manufacturing firms. The textile-clothing companies with 10 or more employees account for over 40% of the total manufacturing companies, exactly 198,280 jobs. The Sahel contains 801 companies in this sector, the largest number in Tunisia (39% of the textile-clothing national firms).

The first phase of the empirical methodology is to translate from English to French the questionnaire which we adapted to our study. We have done it with the help of an English teacher, a colleague from a business school, The second phase of the empirical protocol consists in submitting the questionnaire, tailored to experts in the fields of corporate social responsibility and entrepreneurship. We consulted 7 lecturer-researchers and 4 executives within the Tunisian environment and sustainable development Ministry. The aim is to strengthen the content validity of the questionnaire. The third phase of investigation is a quantitative survey of managers of the Tunisian textile-clothing industry. 226 of them accepted to participate in the survey.

### **4. Results**

To validate the measuring scales of the dependent and independent variables, we carried out dimensionality and reliability tests. The internal coherence characteristics showed that the values of the Cronbach alpha coefficient were between 0.73 and 0.89.

To eliminate the risk of multicollinearity, we carried out a Pearson correlation test. This indicated a maximal value equalling to 0.642. This was not sufficiently high to invalidate the results of the tests on the hypotheses presented below. Moreover, the VIF values for the independent variables of environmental intention were lower than 10, the critical threshold for a multicollinearity risk.

To test the hypotheses, we carried out analyses of the multiple stepwise regressions. To estimate the model adjustment, we used Fisher-Snedecor's and  $R^2$  linear determination coefficients ( $R = 0.739$ ;  $R^2$  adjusted = 0.546;  $F = 66.449$ ;  $\text{sig} = 0.000$ ). We examined the significance of the beta coefficients for each independent variable with a view to evaluating the contributions of each one of these latter in the global explanation of the model (Carricano and Poujol, 2008; Gavard-Perret et al., 2008). An examination of the Beta values (between 0.130 and 0.304) indicates that proactiveness, innovativeness and risk-taking significantly contribute to an explanation of the environmental intention.

### **5. Implications and limitations**

Our research helps clarify the intentional process leading to environmental behavior (Flannery and May, 2000; Martin-Pena et al, 2010). On a theoretical point of view, it is particularly interesting to show the influence of entrepreneurial orientation on environmental intention. It appears from this study that innovativeness on in the production and commercialization of products, the proactive attitude of the manager and the risk-taking propensity are dominant to implement the intention to implement environmental practices.

On a methodological point of view, we have successfully adapted the scale of Covin and Slevin (1989) to our study context related to the entrepreneurial orientation, and the one of Ajzen (1991) related to the environmental intention. Our managerial contribution provides the policy makers an appropriate intervention tool. Have a good knowledge of the influence of the entrepreneurial orientation on the leaders' environmental intention works to improve the reduction device of the industrial activities adverse effects on the environment and humans. Our work makes it easy to design an accompaniment adapted to the issues of water treatment, dyeing waste, fabrics printing and bleaching. So as to generate environmental intention, it is necessary to have better knowledge of the leaders' entrepreneurial orientation components.

Although it provides an appropriate framework to explain the environmental intention through entrepreneurial orientation, this research shows three limitations. The first one is inherent to the time lag between intention and behavior. The intentional perspective is neither a necessary nor a sufficient condition for the completion of the environmental behavioral process. According to Kuckertz and Wagner (2010), the acting out may also intervene months or years after.

Our study highlights the individual level of analysis in the prediction of the environmental intention. However, three levels are to be considered in an interdependent way: individual, organizational and inter-organizational. An SME is managed by a director (individual), it works with and for its employees (organizational), and it is not only related to other companies and public institutions but also anchored in its environment (inter-organizational). Identify and manage the role of every actor at every level is essential to reach durability. Ethical intention must be evaluated at both individual and organizational level (Elango et al., 2010). The combination of these three frameworks of reference lets consider multidisciplinary theoretical perspectives (Bansal and Roth, 2000).

In addition, leaders prefer to implement components of corporate social responsibility with reference to their value system (Reynaud and Roques, 2007). The managers' responsible awareness determines the SME's involvement intensity in sustainable development (Spence et al., 2007).

For obvious reasons of homogeneity of the population surveyed, the links highlighted between entrepreneurial orientation and environmental intention are appropriate for the study area. Their relevance is not representative of all sectors involved in environmental issues. It will be convenient to explore the specificities of every sector considered in order to enrich our knowledge of the impact of the entrepreneurial orientation on the environmental intention. The study of the latter certainly allows to understand why managers undertake environmental actions, and especially why they choose activities that create societal wealth (Meek et al., 2010). Besides the sectorial particularity, could the hypotheses be validated in any size of company? Empirical studies lead to divergent results. Contrary to the situation observed in Quebec (Spence et al., 2007), the study of Ben Boubaker Gherib and Berger-Douce (2008) shows no real effect on the environmental commitment of Tunisian SMEs. Although the reality of SMEs is different from that of large firms, size appears to have a mitigated influence on the sustainable engagement process. This result may lead to new investigations by favoring a contingent approach.



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Track Title: Internationalisation

Paper Title: **Promoting High-Technology: the Role of International Clusters' Branding**

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Key Words : cluster, international branding, promotion, positioning, innovation, photonics

### **Aim of the Paper**

High-technology firms often regroup themselves into clusters, which allow them to reach a critical mass and share knowledge as well as attract potential clients and partners. Economic development organizations are generally in charge of cluster developments and management and face several challenges. Among these challenges, previous studies have identified the key role played by the dynamic evolution of place branding of knowledge-intensive regions (Pasquinel and Teras, 2013). An area's reputation for high-quality science helps most cluster firms by serving as a substitute for company reputation and contributing to cluster's firm performance (McHardy et al., 2005). Therefore, it is this research's purpose to better understand key practices in positioning and branding international high technology clusters.

To investigate these best international branding practices for clusters, we used insights from high-technology cluster and international branding innovation literature as well an exploratory study performed on eight international photonics clusters. Data collection relies upon secondary information and a web survey of the clusters' top management. Preliminary results are discussed in light of the literature review. Implications and future research directions are stated.

### **Background Literature**

#### **High-technology clusters**

Industrial district literature gained popularity when Porter (1990) hypothesized that nations succeed when there are industry clusters in the home market. It presupposes a concentration of small firms and some sense of a critical mass. This clustering provides a locus for innovation activities (Hendry et al., 2000). Therefore, it is particularly appropriate for high-technology industries, which tend to agglomerate around universities as well as research and development centres.

In high-technology industries, innovation clusters are characterized by heightened mobility of resources, increased velocity of business development, and an affinity for collaborations (Engel and del-Palacio, 2009). Connections are created by mobile people and personal relationships established in international trade fairs and other professional gatherings. The network is created by the multiplication of such connections among different individuals from distinct clusters. The most successful clusters are often the most globally connected, using connections with other like clusters to leverage resources, access markets and accelerate the innovation process. Clustering favours relationships that facilitate and accelerate innovation and entrepreneurship within it and around the world. Clustering also allows participants' firms to reduce legitimating expenses, to charge premium prices and position itself on the higher end of a market and to facilitate the finding (or the "being found") by customers. Clusters' firms also have more access to a specialized labour force, a scientific infrastructure, and the informal network of firms within their cluster (McHardy et al., 2005).

Clusters develop through their complete coverage of skills through the value chain and their interdependence. Their development follows a four-stage life cycle pattern: embryonic, establishment, maturity, and decline (Andersson et al., 2012, Brenner and Schlump, 2011). High-tech clusters usually take at least 10 years to develop and mature (Porter, 1998) and their life cycle has an important impact on their ability and willingness to develop their international branding.

#### **International innovation branding**

Innovation branding is driven by the need for peripheral regions to make additional efforts to communicate a clear innovative vocation (Pasquinel and Teras, 2013). In order to compete globally, geographic areas need to make their competitive advantage visible. A cluster's reputation has a positive impact on its stakeholders.

Andersson et al. (2012) studied clusters' branding management according to their life cycle stage. They identified eight positioning axis strategies: location, critical mass, historical, endowment factors, sector, know-how, horizontal positioning, and linear positioning. To appeal to potential members, workers, and investors, marketing and branding clusters strategies are critical. However, several shortcomings or issues

have been identified in recent research. For instance, as a cluster's competitive advantage comes from its unique knowledge and technologies, which are temporary and need to be continually reinvented (Rosenfeld, 2005), it might be challenging for clusters to have a convincing uniform message (Romanelli and Khessina, 2005). In addition, there exists a wide array of potential external communication options and the choice of one method rather than the other may appear puzzling to cluster managers. For instance, communication options may range from an event organization (Andersson et al., 2012), to the use e-marketing and social media or, at the local level, to the cooperation with international trade agencies and governmental organizations. To add to the complexity, in order to increase international visibility, stakeholders must also be trained to understand and act in a multicultural context.

## **Methodology**

In light of the difficult strategic choices faced by cluster managers, this research aims at identifying key practices they adopt to brand their clusters and to discuss their evaluations of their actions. The context chosen for this research is the photonics industry. Photonics is an important strategic industry with applications in many high-technology products and markets (Hendry et al., 2000). It is characterized by large numbers of high-technology SMEs concentrated in regional clusters spread around universities and research centres (Pereira and Plonski, 2009). The characteristics of the industry favour strong international relationships (Hendry et al., 2000). Reputation is a very important competitive dimension in photonic related industries (McHardy et al., 2005). Therefore, it is perfectly suited for the study of international cluster branding.

Based on the international society for optics and photonics (SPIE, 2012), 38 photonics clusters have been identified worldwide. An email explaining the research project with the hyperlink leading to the web survey was sent to each of them. A total of eight photonics clusters answered the survey: 4 clusters from North America and 4 clusters from Europe.

## **Results and Implications**

The literature review identifies eight potential positioning axes. Cluster managers indicated that "Technology and know-how" is the most important aspect they consider. Even though 33 of the 38 photonics clusters around the world refer to their location by city, region or country, it was identified as the least pertinent axis by respondents. This might be explained by previous research about the country of origin effect relying upon perception of its populations' warmth and welcoming as well as the perception of its level of competence (Souiden et al., 2011).

In an attempt to identify best practices in raising cluster awareness and visibility worldwide, respondents rated the usefulness of all promotion tools mentioned in the literature. Three marketing techniques and their associate tools seemed to be more appropriate. E-marketing through a website and social media are very common. Public relations are also mostly used to increase the cluster's international visibility through conferences, press releases, newsletters, brochures as well as publicity in newspapers or on television. Networking in seminars, exhibitions, conferences and trade missions allows cluster managers to more fully promote their regional members.

While cluster organizations measure their growth and performance with indicators like number of firms, number of employees, and number of patents, they do not rely upon any measure of their international brand or international promotion efforts. Therefore, best practices in terms of cluster brand equity need to be addressed.

Clusters are crucial to the economic development of developed nations in a knowledge economy context. Furthermore, they are part of key success factors for the creation and growth of high-technology firms. To attract key players from their specific industry, either firms or highly qualified human resources, economic development organizations must promote their clusters.

In order to successfully promote their clusters, economic development organizations should follow the proposed process taking into consideration their life-cycle stage: determine the positioning that would bring them a competitive advantage, choose a name that would reflect their positioning strategy, develop a positive reputation by promoting the cluster with appropriate marketing techniques and tools, with an emphasis on the web, and measure their international branding performance.

This exploratory study shed light on future research directions however a longitudinal study of a cluster's promotion throughout its life cycle or a detailed survey through a large sample of different industry clusters at diverse life cycle stages would deepen our understanding.

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**Paper title**

**Sustainability through value: A case of Soweto Township, South Africa**

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## Abstract

### Track title

Sustainability

### Paper title

**Sustainability through value: A case of Soweto Township, South Africa**

### Aim of paper

The aim of this paper is to investigate the sustainability of independent small retailers in Soweto by identifying their main sources of a competitive advantage, their competitive strategies, and the unique value package they offer to customers.

### Background literature

Despite the worldwide perception that small businesses is an important contributor to the economy and the South African government's willingness to prioritise the stimulation of entrepreneurship, unemployment figures and various world reports still imply non-achievement in this regard. Small businesses in Soweto face increasing, strong competition from large retail chains located in shopping malls. In order to survive and grow, small business owners need to identify their competitive advantage over competing businesses. Identifying the sources of a competitive advantage is based on a thorough knowledge of the market environment, including customers and competitors. The sustainability of a competitive advantage relies on developing a set of core competencies which can enable the business to serve the selected target customers better than its competitors do. The core competencies of small businesses particularly relate to the advantages of being small. Successful small businesses can formulate strategies to exploit the competitive advantages based on their size by doing the following: responding quickly to customers' needs, accessing information, providing personalised customer service, remaining flexible and willing to change, constantly searching for new emerging market segments, building and defending market niches, erecting switching costs through personal service and loyalty, remaining entrepreneurial and willing to take risks, and act with speed and being constantly innovative. Literature suggests that when defining a business' competitive advantage, the small business owner should consider the following: *products* sold; *service* provided; *prices* charged and *the way* they sell. These different aspects which are included in a small businesses' market offering are referred to as the value package. The competitive advantage is directly linked to the value package offered. In a previous longitudinal study in Soweto between 2007 and 2009, the following was found regarding independent small businesses' survival compared to businesses established in malls: selling similar products as businesses located in malls, offering better customer service, offering better product quality and selling cheaper products than what was available from the mall. These findings confirm that small independent businesses must find their competitive advantage in certain survival strategies.

The three basic generic competitive strategy options are cost leadership, niche market and differentiation. When analysing the appropriateness of the generic competitive strategies for small businesses, *differentiation* seems to be the most popular strategy option for small businesses to achieve a competitive advantage. Small business owners can compete and differentiate themselves by providing a unique value package to the customer in terms of operational excellence, product leadership and customer intimacy.

### Methodology

For this study, a survey was conducted in 2012 among a representative sample of small businesses in Soweto. The universe of this study consisted of formal, independent small businesses situated in Soweto, including shopping malls, large shopping areas (outside shopping malls), smaller shopping areas, single demarcated business stands and industrial areas. Interviews were conducted by trained fieldworkers with the owners or managers of the businesses, adhering to strict ethical principles. The absence of a list of small businesses operating in Soweto necessitated the use of a multi-stage quota sampling methodology. The sample was set at 650 businesses which included wholesalers, retailers and small manufacturers. For the purposes of this paper, the responses of only the retailers and wholesalers were analysed, constituting 497 respondents.

Both descriptive and inferential statistical methods were used for data analysis. Parametric and nonparametric tests were used. A nonparametric test, the Kruskal-Wallis test, were used due to the variables investigated being measured on an ordinal scale. The Kruskal-Wallis test is regarded as the non-parametric alternative to the regular one-way analysis of variance and is used to compare the medians of three or more independent

samples. Spearman's Rho rank-order correlation coefficients were used to evaluate the strength of the relationship between ordinal-scaled variables.

### **Results and implications**

In this study, it was found that sustainable businesses (older small businesses with a growing income tendency) tend to perform a competitor analysis regularly. It was further determined that sustainable businesses regard price, shopping hours, personal attention, close relationships, promotions and location as important differentiating elements. In addition, they include product quality, brands and variety as important elements of their value package. Furthermore, it was found that the sustainable small businesses used the elements of their value packages better than the stagnating or shrinking businesses. The conclusion can be made that sustainable businesses stay competitive by focussing on the elements of the unique value package they offer to customers.

With statistical testing of the results, it was found that there was a relationship, though weak, between the differentiating factor of shopping hours and business age. Shopping hours as a differentiating factor is more important for new businesses, which could be due to small businesses using their shopping hours to get a foot in the door. A relationship was also found between price and turnover; however, a weak relationship. Price (usually low) is considered as more important by businesses with a high turnover. Obviously, small business owners with a low turnover cannot afford to ask lower prices, but in larger income businesses, price is an important part of the value package, which may contribute to a further increase in turnover.

A moderate relationship was found between the turnover trend and price as differentiation option. The growing businesses considered price as a differentiator as more important than the businesses that experience no growth or a decrease in income. Likewise, a relationship was found between shopping hours and turnover trend. Growing businesses regard shopping hours as a differentiating factor more important than those with the same or decreasing turnover. The same relationships were found with personal attention, close relationship, regular promotions and location. It seems that growing businesses are far more aware of the value package that they offer to their customers than those who stayed the same and those who experienced a decrease in income.

The businesses that are in existence between three and five years tend to consider both best brands and enough product variety as more important than the other business age groups. This can possibly be explained that this group is trying to establish itself further in the market by experimenting with variety and branded products. The group of businesses that exists less than a year tend to consider best brands as the least important, which is obviously the result of limited resources available to establish the business and to afford expensive stock. The group of businesses that exists longer than five years tends to consider enough product variety as less important than the other groups. This can possibly be explained that, after many years, they know what their customers want and therefore limit variety. Limiting variety and stock are typical survival strategies suggested in a previous study in Soweto.

The businesses whose turnover decreased tend to consider quality products, best brands and enough product variety as less important than the other turnover trend groups. The group of businesses whose turnover increased tend to consider quality products, best brands and enough product variety as more important than the group maintaining the status quo. It became clear that businesses that do not pay attention to their value package will lose market share and face possible failure.

The research question could be answered by concluding that the small businesses in Soweto can compete, survive and grow, even with increased competition and difficult economic conditions, by doing a regular competitive analysis and by providing a unique value package to their customers; constituting their competitive advantage.

## Designing a Social Entrepreneurship MBA Program for Social Entrepreneurs

### Abstract

#### Aim of the Paper

Recently, social entrepreneurship has emerged as a driving force for social and economic value creation in many countries. In implementing entrepreneurial processes, social enterprises and social ventures have become key players in pursuing social economy and creating social values. But the lack of visionary and competent social entrepreneurs has been recognized as the biggest challenge in enhancing the position of social enterprises and increasing social impacts to the society. In the past few years, there has been an exponential increase in social entrepreneurship classes at universities (Sherman, 2011). But special master (MBA or MS) programs designed for educating social entrepreneurs are still lacking. The purpose of this paper is to identify some principles and lessons in designing a social entrepreneurship (SE) MBA Program for social entrepreneurs in Korea.

#### Background Literature

Various literatures on social entrepreneurship have appeared in many books and journals, but literatures on social entrepreneurship “education” are limited. Ashoka U & Brock (2011) published *Social Entrepreneurship Education Resource Handbook*. Some papers in *Stanford Social Innovation Review* (Phills, Deiglmeier & Miller, 2008; Martin & Osberg, 2007; Sherman, 2011) address key issues and social innovators’ competencies that are essential for success. Based on the literatures and course syllabi from many universities, this paper suggests a framework for social entrepreneurship education and analyzes activities in social entrepreneurship education.

#### Methodology

This is a case study on a new MBA program called Social Entrepreneurship (SE) MBA initiated with a collaboration of SK Group and KAIST (Korea Advanced Institute of Science & Technology) College of Business. With a vision of making a premier SE MBA program for visionary social entrepreneurs and social value creation, this program is offering specially designed curriculum and co-curriculum. An exploratory case study has been carried out to identify principles, factors to be considered, criteria for evaluation, and lessons in curriculum design based on the experiences and in-depth analyses on SE MBA program. Case study is a useful method to find an answer to research questions on why and how (Yin, 1994). This paper would like to discuss some issues, arising from the experiences of SE education, including i) principles in educating social entrepreneurs, ii) selection of students, and iii) lessons for SE education.

## Results and Implications

This case study develops a framework for curriculum development, identifies several approaches and analyzes activities in the KAIST SE MBA Program. The **results** of the case study are as follows. **First**, although the KAIST SE MBA program is being offered solely by a business school, KAIST is trying to bring diverse perspectives through a series of lectures and seminars, and interactions with mentors, practitioners and engineers. Second,

**Second**, KAIST is pursuing the social venture creation model. KAIST SE MBA program is focused on the “social ventures” rather than job-creation social enterprises. KAIST has designed a customized, social venture creating education program, composed of ① the regular MBA curriculum to bring management capabilities to our students and ② co-curriculum to cultivate mindset and promote new social venture creation.

**Third**, KAIST has implemented the two-day process of admission interview and group activities. Applicants are divided into several groups and their activities and mind-set including social mission, entrepreneurship, knowledge and experiences, idea generation, empathy, communication, and motivation will be evaluated by professors and outside experts. Before the interview and group activities, students’ essays on three specific topics will be evaluated by professors and staff members with several criteria.

**Fourth**, to promote such an experiential learning, KAIST’s curriculum includes start-up preparation process, internship, mentoring, case study, and overseas field trip. These efforts could be very useful in bringing real-world experiences to students.

**Fifth**, KAIST SE MBA program is developing “cases in social enterprises” based on the case development platform. KAIST is going to disseminate the outputs of curriculum development and knowhow to public, to contribute to the formation of healthy SE habitat in Korea.

The **implications** of study in designing a social entrepreneurship MBA program are as follow: **First**, bring diverse perspectives in the program for social entrepreneurs. There are many different types of social enterprises and SE business models, and SE education program should include diverse perspectives including ① economics, ② management, ③ public administration (policy), ④ social welfare, ⑤ engineering, ⑥ psychology, and ⑦ ethics. Multi-disciplinary approaches can make better understanding on the diverse nature of social issues and lead to find innovative solutions to the problems.

**Second**, design the differentiated education program for social entrepreneurs depending on the objectives of the program. The curriculum of the program should focus on “some” types of social enterprises. “Social ventures” and general (labor-intensive) job-creating social enterprises are different in terms of objectives, operational forms, funding mechanism and required skills for entrepreneurs. Design the differentiated and focused education program (with relevant curriculum and co-curriculum) for social entrepreneurs. Education contents are very important. Social ventures can be characterized as social enterprises targeting social issues and problems with

big “impact” on society and taking “innovative” approaches to solve the social problems. Social venture creation model needs different curriculum design. How to measure the innovativeness and impact of a social venture is other pending issue.

**Third**, elaborate the selection (admission) process in the education program to identify eligible students. There are lasting debates on the issues whether social entrepreneurs are born or made. Some successful social entrepreneurs are born with “certain” desirable attributes, but the other attributes needed for entrepreneurs could be made or acquired by accumulating experiences, relevant skills, knowhow, and knowledge. Because entrepreneurs could be made, “tailored” curriculum and co-curriculum for potential entrepreneurs are very important. In addition to tailored curriculum design for education, the selection (admission) process to identify and discover eligible students is very important.

**Fourth**, promote an experiential learning through providing students with opportunities to accumulate direct and indirect experiences. SE education program cannot deliver all the necessary competences and skills to students. Many other things should be learned or acquired from direct and indirect experiences of the students. Mentoring, internship, business case development and analysis, meeting with successful social entrepreneurs, business plan competition, workshop for being a social entrepreneur, and peer discussion can be good opportunities for students to get real-world hands-on experiences.

**Fifth**, develop the relevant business models, cases of successful social enterprises, and follow-up support for graduated social entrepreneurs. To be successful in social venture creation and growth in the real world, we need very compelling business models and continuing support mechanisms, including follow-up supports for graduates and favorable habitat such as funding agencies, supporting institution, policies, and law. It will be desirable to support graduated students (social entrepreneurs) through incubators, mentoring and networking.

The evaluation on the final results of SE MBA program will take more time, but further study on SE education is needed to cope with emerging needs for social enterprises as a new source for social problem solving. In addition, many cases of social enterprises especially in the Asian and global context are needed to be developed for practical teaching tools to enhance implementation capability of the students.

# **Professionalization of Incubators: The Balanced Scorecard as a Useful Management Tool**

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### **Key Words:**

Incubators, management tool, balanced scorecard, professionalization.

## Track Title

Small Business Management

## Paper Title

Professionalization of Incubators: The Balanced Scorecard as a Useful Management Tool

### Aim of the Paper

Incubators are organizations designed to support entrepreneurs by offering an array of services: access to physical resources, office support, access to financial resources, entrepreneurial start-up support and access to networks (Carayannis and von Zedtwitz, 2005). In Europe, incubators are frequently financed by public funds (Aernoudt, 2004). In France, the total costs of the different means of support for entrepreneurs are estimated at 2.7 billion Euro in 2011 (Court of Auditors, 2012). In defiance of the dimensions of the sums invested in entrepreneurship, results seem quite ambivalent, seeing that the failure rate of created enterprises amounts to approximately 50% in five years and that enterprises face difficulties in growing considerably. This is shown by a limited volume of turnover, weak employment creation, etc. This is why public funders give a special importance to the improvement of the incubator's performance. However, this task is rendered difficult in the absence of consensus over the method of measurement of this performance and over the "control tool" adapted to their specific organizations (Phan et al., 2005). The aim of this paper is to solve this situation in proposing and mobilizing a strategic control tool emerged from the private sphere – the *balanced scorecard* developed by Kaplan and Norton (1996 and 2001). This tool presents multiple of interest that can aid incubators to measure their performance more appropriately and to better control their organizations. Starting from four different axes, it allows an equilibrated and multidimensional performance measurement which includes the multiples involved stakeholders. The *balanced scorecard* is equally a remarkable mean for synthesizing the global information available in the organization (Mooraj et al., 1999). Finally, it offers the possibility of an interactive control of the incubators in promoting discussions and confrontation of ideas between the totality of the team members (Simons, 1995). Hence, the main contribution of this paper is to propose the use of the *balanced scorecard* as a mean to professionalize the incubators.

### Background Literature

Incubators have different functions with entrepreneurs, e.g. the contribution to credibility, the integration to networks and the transfer of knowledge. This is why the incubator's performance appears as being clearly multidimensional (Vanderstraeten and Matthyssens, 2010). Nevertheless, Schwartz and Göthner (2009) emphasize that the multidimensionality is not always present in models used to determine the performance of incubators. The *balanced scorecard* can solve this situation in aggregating the different aspects of their performance in one model. These aspects perfectly relate to the four performance axis of the *balanced scorecard*. First, the financial axis assembles the performance aspects that refer to the impact of the incubators on the local economic development. This impact is valued in terms of created enterprises, created employment, sustainability, turnover growth, etc. (European commission, 2002; Schwartz, 2013). Second, the customer axis measures the capability of the incubators to develop a degree of notoriety targeting at attracting entrepreneurs who desire to increase their credibility (Studdard, 2006). This notoriety is not possible in only showing an elevated incubated entrepreneurs' satisfaction (Abduh et al., 2007; Ahmad and Ingle, 2011). This is why the offered services have to be adjusted to the needs of the entrepreneurs (Peters et al., 2004). Third, the internal processes axis refers to the heart of the incubators' activities, namely the transfer of new knowledge to the entrepreneurs in order to remedy to the missing management competences (Warren et al., 2009; Patton, 2013). This knowledge transfer has to be equally completed by the linkage of the different networks (Bøllingtoft and Uihøi, 2005; Soetanto and Jack, 2011; Ebbers, 2013). This should help them in accessing the resources they need to develop their enterprise. Forth, the learning and innovation axis finally permits to measure the efforts in revising the incubation practices and to professionalize the organizations. This occurs in the amplification of the implication of the employees of the incubator and the development of their competences (Rice, 2002; Patton et al., 2009). Literature review confirms that the four axis of the *balanced scorecard* permit to effectively aggregate the principle dimensions of the incubators' performance.

### Methodology

In order to verify the appropriateness of the *balanced scorecard* in the context of incubators we chose a procedure of research-intervention. Accordingly, we have experienced the use of the *balanced scorecard* within the different incubators. For this experiment we selected five French incubators starting from theoretic criteria, seeing that the literature highlights the existence of different types of incubators. We have consequently considered one case for each type of incubator: an incubator of local economic development (Allen and McCluskey, 1990), a technological incubator (Grimaldi and Grandi, 2005), an academic incubator (Barbero et al., 2012; 2013), an incubator specialized on one activity sector (Schwartz and Hornych, 2008) and a social incubator (Aernoudt, 2004). In every incubator the *balanced scorecard* has been experimented from October 2010 to January 2012. This experimentation goes along with three interviews with the incubator managers, two interviews with employees and two interviews with the incubated entrepreneurs. Totally, we

have realized 35 interviews within the five incubators, distributed over the period of slightly more than a year. These interviews permitted to study the functioning of the incubators, the principal challenges related to the measure of performance and to the control of the incubators, as well as to draw a conclusion on the use of the *balanced scorecard*. Moreover, six collective meetings with the five authorized incubator managers have been arranged in different periods. These meetings allowed proceeding to an operationalization of the *balanced scorecard* and of the considered perspectives. Besides they offered the five incubator managers the possibility to gather and to confront their visions on the use of the *balanced scorecard* as a tool of strategic control.

This research-intervention has mobilized two methods of data collection: a participating observation and a documentary analysis. Observation arises in various occasions. We spent a day in each of the five incubators during the implementation of the *balanced scorecard*. Additionally, some visits in order to accomplish some interviews and treat some operational questions related to the utilization of the tool. The six corporate visits with the five incubator managers represented favorable moments to observe their behavior. The documentary analysis finally permitted us to collect secondary data which was crossed the primary data aiming in a triangulation of the data (Yin, 2003). This secondary data arises from internal documents of the five incubators, such as activity reports, introduction booklets for entrepreneurs and incubation contracts.

Finally, all data has been treated in a qualitative way. All interviews emerged out of the experimentation were object of a transcription, thereon of a thematically codification starting from the software Nvivo 9.

## Results and Implications

Two major results emerge out of this experimentation. The *balanced scorecard* is a tool particularly adapted in the context of incubators. It permits a proper measure of the performance and an effective control of these organizations. The principal contribution relies in an equilibrated and global representation of the performance it offers. Incubator managers insisted on a reduction of the risks related to an excessive focusing on the short-term economic indicators which may have very twisted effects (e.g. to encourage the creation of non-sustainable enterprises). In terms of control, the *balanced scorecard* has been used as an interactive control system (Simons, 1995). It brought many team meetings within the incubators by, during which cumulated reflections on the internal practices have been decided. These reflections permitted to identify and modify some practices which seemed weak. Thus, the *balanced scorecard* has been at the origin of an organizational learning process within the incubators (Argyris and Schön, 1978). For instance, the technological incubator has led to team meetings to discuss the results issued from the *balanced scorecard*. This directed the actors to a reflection on their practices related on the confidentiality of the incubated enterprises which they have barely questioned up to date. The incubated enterprises are supporter of new technologies, where it is essential to preserve a certain secret. However, this incubator noticed that he had not put in place practices to assure the required level of confidentiality to his enterprises. Consequently, this reflection lead to a change in the internal practices, since the incubator decided to put in place a confidentiality document to be signed by external persons intervening in the incubated enterprise.

Conversely, the specific characteristics related to each type of incubator were causing difficulties in achieving consensus on performance indicators to preserve during the collective meetings with the five incubator managers. Everyone tended to orient his choices towards his specific needs. It was finally decided to adapt the *balanced scorecard* to each type of incubator while identifying common indicators and other indicator specific to each incubator.

In the end, this study presents numerous implications. In terms of theory, it confirms that the performance measurement has to be multidimensional (Schwartz and Göthner, 2009; Vanderstraeten and Matthyssens, 2010). An excessive focus on the economic dimension generates ambivalent effects and with a short-term meaning of the practices (Alsos et al., 2011). Furthermore, the *balanced scorecard* allows reducing this risk significantly (Kaplan and Norton, 1996; 2001). Its equilibrated and multidimensional character requires the incubators to the necessity of a long-term vision of the performance (Mooraj et al., 1999). In terms of methodology, we put in place an extensive instrument relying on the research-intervention type. This approach has permitted to collect numerous data and to produce a particularly subtle analysis. From a practical point of view, we have showed the appropriateness of the performance measurement and control tool founded on the balanced scorecard designed for the incubator managers. This tool, clearly allows a concrete improvement of the control of the incubators in different ways as the equilibrated and multidimensional performance measurement or the interactive control. The identification of the specific indicators to each type of incubator offers the possibility of the adaptation of the *balanced scorecard* to each context.

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**Green Entrepreneurship in Energy in France, Germany and the UK: New Ventures  
and Entry Barriers**

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Keywords: entrepreneurship, sustainability, energy, barriers, new ventures

## Track Title

Sustainability

## Paper Title

Green Entrepreneurship in Energy in France, Germany and the UK: New ventures and Entry Barriers

## Aim of the Paper

Greater interest has emerged recently on the role of entrepreneurial actors in creating innovative solutions to the wicked problems of sustainability (Schaper 2002, Stern 2006, Schaltegger 2002, Hall, Daneke et al. 2010). As a highly carbon-intensive industry, the energy industries in France, Germany and the UK have embarked on a process of sustainable transformation in order to meet ambitious targets for emission reductions and increases in the share of renewables in energy generation portfolios, as envisaged in the EU's *Climate and Energy Packet* (The European Commission 2014) and new ventures are crucial in stimulating this transformation. At present, the research on sustainable entrepreneurship is at an early stage and has hitherto concentrated on defining the phenomenon as a whole, with little attention to its triggers and the conditions in which it thrives (Lenox, York 2012). This paper aims to address the latter gap, examining the possible entry barriers faced by new ventures in which green entrepreneurs are engaged. It will focus on the energy industry which is a strategically important sector in terms of sustainability and, as such, an appropriate setting in which to study green entrepreneurs.

## Background Literature

According to Schumpeter's (1928) theory of *creative destruction*, the economy is in a constant state of transformation and this process is led by entrepreneurs within new ventures. He theorises that these new ventures reorganise factors of production (land, labour or capital) to create new "combinations" which come in the form of: new goods and services, means of production, new markets or new sources of supply, with these new combinations being superior to existing ones and ultimately replacing them. Schaltegger (2002) talks of *environmental creative destruction*, whereby environmental entrepreneurs introduce innovations that have environmental competitive advantage over and replace existing economic structures. Subsequent authors have considered how this *environmental creative destruction* might operate. In relation to large incumbent firms, there is an inherent conflict which radical sustainable innovation represents to their business model and this makes them unlikely to initiate this innovatory process. Radical eco-innovation renders existing environmentally-inferior product lines and the infrastructure built up around them obsolete and this destroys potential value for incumbents (York, Venkataraman 2010, Hockerts, Wüstenhagen 2010). In addition, sustainable innovation often lacks legitimacy within large incumbents due to the complexity of the problems of sustainability and the resulting uncertainty about the ultimate rewards for engaging in environmental entrepreneurship (York, Venkataraman 2010). In view of this, it seems likely that it is new ventures that are the catalysts for radical eco-innovations with these innovations initially confined to niche markets (Hockerts, Wüstenhagen 2010). It is only once these innovations start to achieve sufficient dissemination to pose a threat that market incumbents adopt them and use the greater resources and knowledge at their disposal (relative to new ventures) to convert such niche-market innovations into mass-market successes (Hockerts, Wüstenhagen 2010).

There are barriers acting against the pursuit of environmental entrepreneurship. Dean and McMullen (2007) point to environmentally-relevant market failures which make it difficult to appropriate the value resulting from sustainable innovation. These market failures, which they discuss, correspond to public goods, externalities and imperfect information. Dean and McMullen (2007) then highlight other market imperfections in the form of the monopolistic character of strategic industries (such as energy) which reduce innovatory pressure and inappropriate government intervention (such as fossil fuel subsidies) which reduce the incentive to undertake environmental entrepreneurship. In the absence of institutions to rectify this market failure, Pacheco, Dean et al. (2010) argue that environmental entrepreneurs would always be at a disadvantage compared to conventional economic actors who do not bear the costs of sustainable behaviour. There are also more practical constraints to environmental entrepreneurship mentioned in the literature. New green ventures face difficulties in obtaining financing because venture capitalists do not understand the nature of their activity and worry about longer investment commitments (O'Rourke in Schaper (2010)). Moreover, consumer resistance is an obstacle to the adoption of the innovations of environmental entrepreneurs, especially if the adoption of the innovation entails drastic lifestyle changes (Linnanen 2002; Pastakia 1998).

## Methodology

This is a conceptual paper which reflects on the conditions for new green ventures in the energy sectors of three major European countries. France, Germany and the UK offer interesting contrasts in that they are subject to similar external forces, namely pressure from the EU to improve sustainability performance. However, the dynamics of the energy industries in these three countries are different, in terms of policies, infrastructure and organisation. It is interesting to consider if these different dynamics impact on the ability of new green ventures to enter the energy industry.

## Results and Implications

There is activity among new ventures in the renewable sectors of France, Germany and the UK across a range of different technologies, at different stages of maturity. This process is happening differently in each country. In terms of entry barriers for new ventures in the energy sector in the settings, the following have been identified and will be discussed in greater detail in a main submission:

- Infrastructural constraints – for example, difficulty in obtaining access to the electricity transmission grid
- Legal constraints, such as difficulties with planning permission
- Inappropriate government intervention - fossil fuel subsidies and the support of nuclear power as a low-carbon alternative
- The monopolistic structure of the energy industry making it harder for new ventures to capture market share
- Market constraints such as poor implementation of market-supporting mechanisms, such as Feed-in Tariffs

The implications of this paper are the emergence of a better theoretical understanding of the entry barriers facing new ventures in the energy sectors in France, Germany and the UK which can inform empirical research on how policy could be designed to alleviate these barriers.

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**1258 Words**

# Trust or Proximity? Stakeholders Influence: an Experiment of the Gibb's layers Theory

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**Keywords:** Stakeholders, Trust, Proximity, Experimental Economics,

## ABSTRACT

**Track Title:** Small Business Management

**Paper Title:** Trust or Proximity? Stakeholders Influence: an Experiment of the Gibb's layers Theory

**Aim of the Paper:** This research was developed to test experimentally the influence of SME's stakeholders based on the Gibb theory of layers (1988). In small businesses, proximity to stakeholders is particularly crucial. The organisation is a veritable "*social relations system*". These relations are the result of the interference among stakeholders (Julien, 2005). This combination of resources enables the entrepreneur to develop the expertise and know-how on which he or she will be able to structure his or her competitive edge. These proximity effects are not neutral on the influence that stakeholders may exert on small business managers and their strategic decision-making.

According to Torrès (2003), the theory of layers presented by Gibb in 1988 suggests the existence of a hierarchy of proxemic relations between the various spheres of a small business manager's support network. According to Gibb (1988 **Erreur ! Source du renvoi introuvable.**), the manager of a small business is subjected to several influences of variable intensity. The relative strength of influences of the various support groups is structured into successive layers. Although Gibb does not mention the notion of proxemics, it is easy to understand the linkage of the layers as a proximity-based hierarchy where the spheres closest to the manager are also the ones with the greatest influence.

As has been noted by Bridge, O'Neill, and Martin (2009), the closest and most personal layers should always have a stronger influence than the more official outer layers. This proximity-based hierarchy leads us, like Gibb, to draw the following conclusions: "*a negative opinion given by friends consulted will have a greater impact than any positive opinion from a government agency*". In other words, the opinions and influences are not equal but organised into a hierarchy based on a weighting that increases with the proximity of the link with the owner-manager.

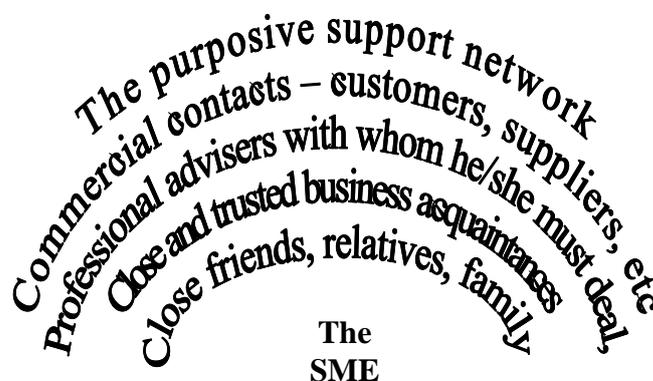


Figure 1– The Layers of the Small Business support Network (Gibb, 1988), (quoted in Bridge *et al.* 2009, p.237).

To date, no empirical study has confirmed this theory of the proximity-based hierarchy of influence in small businesses and very small businesses. This article aims at bringing an empirical contribution to this model of layers understood as a proxemic relation and tests the potential influence of trust on this theory. Therefore the research question is as follows: is there a principle of proximity-based hierarchy of the influence of stakeholders on the decisions of small business owner-managers, as theorised by Gibb (1988) and what is the role playing by trust?

**Background Literature :** We place our research in the theoretical framework of 'proximity' in the context of Entrepreneurship and Small Business Management. It is now more than ten years since researchers specialising in small and medium-sized companies drew attention to the essential role played by proximity in the functioning and development of these structures (Julien, 2005) (Torrès, 2003, 2004, 2007-a) (Jaouen & Torrès, 2008).

The proximity law is a rich explanatory model to understand the specificities of decision making in this context, and in our view thus constitute a promising perspective for understanding the context of SME. The concept of proximity was initially introduced by (Moles & Rohmer, 1978) in psycho-sociology and used in economics more recently (Bouba-Olga & Grossetti, 2008; Gilly & Torre, 2000; Zimmermann, 2008). Our contribution states in the application of this theoretical model to explore the role of proximity and trust in the Gibb theory of layers (1988), which has been taken up by Bridge et al. (2009).

**Methodology:** The methodology chosen was a collection of data by experimentation within the framework structured by experimental economics research. Experimental economics is defined as the use of experimental methods to study economic decisions. This discipline therefore consists in creating actual economic situations involving the participants, in a framework controlled by the researcher, according to strict rules, defined in particular in the work of Kahneman, Knetsch, and Thaler (1986), Tversky and Kahneman (1992) and Smith (2000), in order to observe economic behaviours. The strict methodological framework of experiences ensures that the researcher controls a certain number of biases: *hypothetical*, *benevolence* (Tversky and Kahneman, 1992), and *anchoring* (Herriges & Shogren, 1996).

Three variables underlie the implementation of the empirical analysis. The main variable to explain is the influence of stakeholders on the entrepreneur's decision (I); the explanatory variable is the proximity of each stakeholder with respect to the entrepreneur (P). Trust (T) will be treated in an exploratory analysis. We will test a modelling of the relation between these three variables.

The hypothesis tested are:

H1 - The theoretical proximity and the observed proximity are correlated

H2 - The closer the adviser, the greater the influence:  $I=c+aP+r$  (where I= level of influence, P= level of proximity, a correlation coefficient, c a residual constant and r, a residue)

H3 – Trust and proximity are correlated

Thanks to a web-based computer interface, 70 small business entrepreneurs participated in the experiments, while physically remaining in their company. This providing of the experimental protocol through a web-based interface has already been used in experimental research on entrepreneurship (Gatewood, Shaver, Powers, & Gartner, 2002). The experiment was structured around a protocol defined according to a set of procedures that comply with the foundations of experimental economics, including instructions, subjects, encouragements and rules of the game. We observed the general principles of economics experimentation on which all researchers in this discipline concur: the "*replicability*" of the experiment, anonymity of subjects, remuneration of subjects depending on their performance, etc.

Thanks to these experiments, we collected 250 data items for each of the variables measured; Proximity, Influence and Trust. As a result, the data was processed using non-parametric statistics tests (Haon & Jolibert, 2008).

**Results and Implications:** Our results have opened up several research perspectives for understanding the SME development phase. For example, they opened up lines of investigation around the links between proximity and SME performance as well as between proximity and the innovative capacity of these structures.

Very often, the type of adviser called upon depends first of all on the type of information wanted (Birley, 1985) (Robinson & Stubberud, 2009). For the strategic decision, literature on small businesses underlines the importance of the influence of the customer (for example Marchesnay (2003), Courrent and Torrès (2005)) and the accountant (Marchesnay (2003), or Watson (2007)). To a certain extent, our results seem to diverge slightly from what these authors observed. This is because the advisers who were mostly mobilised in the study were the entrepreneur's family members and close relations. Marchesnay (ibid.) as well as Julien (2005) however underlined the essential role played by the entrepreneur's spouse and the family.

We also tested a gender variable, and in view of ongoing research on female entrepreneurship, proxemic analysis may provide an innovative framework for understanding the distinctive characteristics of female entrepreneurship.

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## Close or too close? Proximity conflict in Entrepreneurs Team: exploring Arts Organizations.

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**Track title:** Small Business Management

**Paper Title:** Close or too close? Proximity conflict in Entrepreneurs Team: exploring Arts Organizations.

### **Aim of the Paper:**

Performing arts companies are characterized by the fragility of their business model, which has been heightened by the current economic and budgetary crisis. Over and above the sustainability of these structures, the challenge is that of continuity, wealth and diversity of creation. In addition to the risk it involves, the crisis can also be perceived as an opportunity to assess and renew business models in an environment undergoing profound transformations. New organizational forms, which abound in the sector, have to be explored. Of these new avenues, there seems to be a consensus about shared or collaborative models.

Many voices, professional and academic alike, have called for an analytic and exploratory inventory (ENCATC 2013) of these models. The role of management researchers is to go to the "bedside" of these organizations and help them assess, through observation and scientific analysis, the avenues tried out by companies, their importance as well as their limitations, and the curbs or obstacles found on the road to organizational renewal. The aim of this study is to contribute to this effort, by examining more specifically the reasons and curbs to resource pooling in performing arts companies.

Whereas collaborative or pooled approaches are lauded both by professional bodies and in academic debate (ARCADI 2007), (Forum-d'Avignon 2012), (ENCATC 2013)), few performing arts companies are actually engaged in cooperative or pooled processes ((Urrutiaguer and Henry 2011), (Juno-Delgado, McCulloch et al. 2013)). These organizations, like their successes and difficulties, take diverse forms. However, they are on the whole not very well known or studied by management researchers (Henry 2013). Our research falls within the scope of this overall project.

Our analysis is based on a number of facts. First of all, pooling is recognized as an essential avenue in the reorganization of the performing arts sector because it extends the financial surface of companies, providing them with access to more specialized competencies and reducing the burden of their overhead costs. At the same time, a lot of research works have demonstrated that pooled and cooperative structures are more resilient to the crisis than traditional structures (Brassard and Molina 2012)<sup>1</sup>. Lastly, many approaches have emerged and are seeking visibility and support. For all that, most performing arts companies remain very small businesses (less than two permanent staff on the average and an average Full-Time Equivalent of 0.73 per performing arts organization (Deroin 2013), mostly structured into independent associations governed by the French 1901 Associations Act

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<sup>1</sup> "Through their distinctive focus on values, cooperatives have proven themselves a resilient and viable business model that can prosper even during difficult times. "This success has helped prevent many families and communities from sliding into poverty" (Message from the United Nations Secretary-General, July 2011).

(Urrutiaguer and Henry 2011) where it is difficult to structure or implement pooled, collaborative or cooperative practices.

This apparent paradox brings us to ask the following question: why are there so few performing arts companies engaged in cooperative or pooled organizational approaches, in spite of their obvious advantages? We offer the assumption that this situation may be explained by the presence of curbs related to the presence of proximity conflicts.

## **Background Literature**

Previous literature has showed that co-operative organizations tend to have better performances than traditional businesses, in particular in innovative sectors and in times of crisis (Richardson 1972, MOSS 1994) (Johannisson 2002, Ben Hafaïedh 2006)). The presence of a shared and common identity among the members of a co-operative are key to its performance, its resilience, its default rate and the business model itself ((Ben Hafaïedh 2006) ,(Mazzarol, Simmons et al. 2011) (Birchall and Simmons 2004)).

These previous results and observations lead us to explore this notion of identity within performing arts co-operatives. We thus place our research within the theoretical framework of proximity, initially built on the basis of psycho-sociology Moles and Rohmer 1978 and spatial economics, and more recently developed in economics (Bouba-Olga and Grossetti 2008), (Gilly and Torre 2000), (Pecqueur and Zimmermann 2004), as well as in management (Torrès 2003). The concept of proximity falls, by construction, under the economic issue of the coordination of agents. In particular, it cuts across issues related to the establishment and collaboration among companies or agents, one of the formulations of which can be stated as follows: "why are relationships (between agents and between entities) established on the basis of proximity?" (Bouba-Olga and Grossetti 2008). Proximity is itself defined with reference to space, but is also governed by socio-economic, organizational and institutional principles.

The existing literature demonstrates, for that matter, the prevalence of the influence of proximity in the strategic decisions of micro-businesses ((Torrès 2003); (Jaouen and Torrès 2008); (Fillion 2007)), the dominant organizational form of performing arts companies. This justifies the importance of using this theoretical framework to examine the issue underlying our research.

## **Methodology**

Our empirical study is of an exploratory nature. It aims at questioning members of performing arts companies engaged in inter-organizational collaborative processes. These members include Directors of collective or cooperative structures, administrators of companies engaged in these practices, and artistes associated with these structures. Our data collection first consists in compiling the reasons and obstacles that they experienced during the implementation of their pooling projects. Next, we use abductive reasoning to analyze these data based on the analysis grid of economic proximity.

The methodology is qualitative, and is based on open-ended interviews. The validation results are derived from the saturation of assumptions. We conducted 20 interviews from 13 Performing Arts Organization from 6 countries in Europe: France, Italy, Germany, Belgium, United Kingdom and Romania.

## **Results and implications**

We thus view this contribution as of theoretical interest, in that it adds to the literature dedicated to team entrepreneurship and proximity and to the understanding of performing arts organizations. We also view our results as interesting for practitioners among theatre companies and public offices.

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**Title:**

***Nailing a Jellyfish to the Wall – Measuring the Impact of Enterprise and Entrepreneurship Education?***

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Key words: Entrepreneurship Education, Creativity, Self-efficacy

## Abstract

### Track Title: Education

**Workshop Title:** *Nailing a Jellyfish to the Wall* – Measuring the Impact of Enterprise and Entrepreneurship Education

### Aim of the Paper (workshop):

The aim of this workshop is to explore if and how it is possible to measure enterprise and entrepreneurial education. Within this 90 minute workshop individuals will work within groups to bring together their own experiences and discuss their own requirements related to the assessment of entrepreneurial education. This session will also aim to introduce participants to ESE as the foundation for a measurement tool, and they will be encouraged to explore this in relation to their own context. This workshop's overall aim is to encourage debate and derive possible hypotheses related to the assessment of enterprise and entrepreneurial education.

### Background:

One of the continuing issues for enterprise educators, policy makers and governments is the assessment that measures the impact of entrepreneurial education. How do we know that a learning intervention is having the desired impact? Traditionally entrepreneurial education has been measured using feedback forms filled by students but just because the student enjoyed the course does not mean that the course had the desired impact. Alternatively longitudinal studies have focussed on financial gains eg: the number and value of companies created by alumni of a programme. However, the question arises: is it right to just focus on financial gain? What about the value of social enterprise or intrapreneurial activity? As an alternative it is posited that measuring changes in entrepreneurial self-efficacy (ESE) provides a possible way to measure the impact of enterprise and entrepreneurial education. Given that ESE is a strong predictor of intentions and future activities it provides a possible immediate measure of impact for enterprise and entrepreneurial education without needing to wait to observe future activities. In this session we would like to explore how we could measure education in this area.

There are differing ideas about self-efficacy emerging in the literature, however this work remains grounded in the construct of self-efficacy developed by Albert Bandura, drawing on his work from 1977 to 1997. In this context, entrepreneurial self-efficacy (ESE) is defined as 'the strength of a person's belief that he or she is capable of successfully performing the various roles and tasks of entrepreneurship.'. Simply put, ESE is the degree of confidence a person has in their ability to perform tasks related to entrepreneurship and therefore maps quite closely to notions of skills and abilities. Similarly, ESE is seen as an important antecedent to entrepreneurial action (Chen, Greene & Crick, 1998, 295). In this respect, ESE has been identified as playing an instrumental role in the new venture creation process and growing body of literature supports the idea that an individual's intention to start a company is formed in part by their perception of the expected outcome (Barbosa, Gerhardt & Kickul, 2007; Boyd & Vozikis, 1994; Chen *et al.*, 1998; Zhao, Siebert & Hills, 2005). On the other hand, education for entrepreneurship is establishing its effectiveness in raising entrepreneurial participation (Barakat, McLellan & Winfield., 2011; Lucas and Cooper, 2005) while the impact of entrepreneurship training has been effectively quantified using *entrepreneurial self-efficacy* (ESE) as a measure (McLellan, Barakat & Winfield., 2009).

### Methodology / Structure of Workshop:

Apart from two short lectures, the majority of the workshop will be made up of interactive exercises aimed at encouraging debate.

### Part 1: Measuring Enterprise and Entrepreneurial Education (50 minutes)

- a) General welcome and introduction
- b) Session organisers provide an introductory lecture into the measurement of enterprise and entrepreneurial education, overview of possible methods of measurement/assessment

- c) Break out session, 15 minutes comparing methods already being used by participants, 10 minutes discussing other way of measuring enterprise and entrepreneurship education. Session organisers to facilitate discussions.
- d) Each group to feedback to entire room

**Part 2: Creative Learning Activity (20 minute)**

- a) Short icebreaker designed at increasing individuals self-efficacy
- b) Act as a practical example for next part of workshop on self-efficacy

**Part 3: Entrepreneurial Self-Efficacy for measuring enterprise and entrepreneurial education (45 Minutes)**

- a) Introduction lecture by session organiser on self-efficacy.
- b) Break out session, discuss in groups question related to using ESE as an impact measurement of enterprise and entrepreneurial education. Session organisers to facilitate discussions.
- c) Each group to feedback to entire room
- d) Conclusions from workshop by session organisers

**Part 4: Beyond workshop**

All participants will be offered the chance to have their own enterprise and entrepreneurial courses measured through a self-efficacy based survey instrument. Findings from workshop will be published on main organisers departmental website, Centre for Entrepreneurial Learning, University of Cambridge.

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# **Tell Me How You Socialize And I Will Tell You Who You Are. A Study Of French Small Firms' Socialization Practices**

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## **Key words**

Small firms, Socialization, Newcomers, Configurational approach, Gioia Methodology, HRM

## **Track title**

Small Business Management

## **Paper title**

Tell me how you socialize and I will tell you who you are. A study of french small firms' socialization practices

## **Aim of the paper**

Many authors have highlighted the difficulties that businesses and their managers face in integrating new employees, in a context of increasing individual inter-organizational mobility (Arthur and Rousseau, 2001; Bauer et al., 2007). This increased mobility leads business organizations to integrate newcomers more often, and how this process takes place has direct consequences not just on the organizations' activity and performance, but also on their stability (Eby et al., 2003; Greenhaus et al., 2009). This issue of onboarding new recruits is even more sensitive for small firms (Kickul, 2001; Mayson and Barrett, 2006; Pajo et al., 2010). Indeed, the small size implies a "magnification effect" as the weight of each new member is greater, and his or her impact is proportionally stronger (Torrès and Julien, 2005). As the quotation at the head of this article illustrates, a poor integration process can destabilize a small firm's organizational, cultural, managerial, and strategic equilibrium. In the French context, this risk of perturbing organizational equilibrium is particularly important, as young potential recruits consider small firms as a stepping-stone to other better-paid forms of employment with more prospects (Caroli et al., 2009; Lochet, 2003).

## **Background Literature**

The question of integrating newcomers in organizations is generally analyzed through the theory of organizational socialization – defined as the process by which newcomers make the transition from being organizational outsiders to insiders (Bauer et al., 2007). The works associated with this research stream highlight the processes and practices of socialization developed by organizations to integrate new members (Van Maanen and Schein, 1979; Cooper-Thomas et al., 2011). Although an abundant literature has been devoted to it, organizational-socialization scholars have exclusively studied large organizations

in a context of greater individual career stability. This large-organization bias is problematic on several counts for understanding how small firms socialize newcomers (Marlow, 2006; Taylor, 2005). While large organizations tend to manage the socialization process by dedicating resources to it, things are radically different in small firms. The latter do not see socialization as a strategic process, and allocate relatively few resources to preparing and facilitating the integration of new recruits. Moreover, the impact of newcomers in small firms is quite out of proportion compared to in large organizations. A newcomer can easily knock the organization off balance, which forces the small firm – in contrast to the large one – to consider socialization in a much less positive light (Edwards, Ram, Gupta, and Tsai, 2006). And while large organizations tend to resemble one another under the influence of isomorphic pressures (Boxenbaum and Jonsson, 2008; DiMaggio and Powell, 1991), small firms' practices and characteristics are very heterogeneous (Torrès and Julien, 2005). A wide diversity of practices, values, and varieties of organization exists in small firms. This diversity cannot be grasped in a universalist perspective without running the risk of distorting the object of the research and excluding a part of the results (d'Amboise and Muldowney, 1988). Thus, the theoretical framework of organizational socialization offers real perspectives for understanding the integration of newcomers, but needs to be adapted to the specificities of small firms.

We make use of the theory of organizational configurations to develop our knowledge about the socialization of newcomers in small firms. This theoretical framework is well adapted to the core issue of our research, as Torrès and Julien emphasize: on the one hand, configuration theory enables us to observe what is specific to small firms in their management practices – as compared with large organizations – and, on the other, it establishes an analytical coherence as concerns the diversity and heterogeneity of observable practices (Torrès and Julien, 2005; Raymond and St-Pierre, 2011).

## Methodology

We conducted a longitudinal real-time analysis of the socialization of six newcomers in six different small firms embedded in different industries. We developed a multiple case-study approach (Eisenhardt and Graebner, 2007). As this type of research design refers to a theoretical sample, the small-firm configuration (entrepreneurial, traditional, and managerial) was the principal criterion for choosing our cases. For each configuration, we carried out two case studies, and made intra- and inter-configuration comparisons (Eisenhardt, 1989; Yin, 1994). Of the strategies for theorizing from process data (Langley, 1999), we were especially inspired by the work of Gioia (Gioia et al., 1994; Clark et al., 2010; Gioia et al., 2013).

## Results and Implications

We show that each small-firm configuration develops specific socialization practices that reinforce the configuration in question while making it more coherent. We develop dynamic socialization models for each configuration. These models show that the issues in and representations of socialization are different for each configuration, leading to the implementation of idiosyncratic socialization practices. We also highlight a series of socialization practices that are not generally found in large organizations. More generally, we contribute in this research to developing our understanding of how human resources are managed in small firms by developing idiosyncratic findings in line with small firms' diversity and specificities.

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## The evolving characteristics underpinning the development path of two born firms.

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**Keywords:** open innovation; born global firm; contextual factors

### **Aim of the paper**

The aim of this research paper is to examine how born global firms are adopting open innovation practices, and in particular focusing on the contextual factors impacting on the adoption of open innovation.

There is a rich opportunity to reveal the nature of open innovation practices undertaken by born global firms. Born global (BG) firms are essentially a category of small to medium sized firms (SMEs) with a global vision, a global product or service and a founder(s) and/or CEO with the drive and determination to realise this global vision. SMEs are important actors in innovation (Acs and Audretsch, 1987) so therefore, born global firms have an equally important role to play in the understanding of innovation management. The research proposed offers further scope in understanding these new innovation management challenges in implementing open innovation.

### **Background Literature**

In the past decade, since Chesbrough first coined the term Open Innovation (OI), there has been a developing progression both in terms of volume of research but also in terms of the depth of research conducted (Dahlander and Gann, 2010); however, *"contributions are too often still fragmented and restricted to one dimension, for example, user or supplier innovation"* (Gassmann et al., 2010: 219).

OI is a relatively new concept and the field of research is still at an early stage (Gassmann et al., 2010). Thus far, research has been primarily focused on the outside-in perspective – “who” is the organisation “opening-up” with – i.e. customers, communities, competitors, users, universities etc. (West and Bogers, 2010).

In comparison to large organisational research, little research has been completed into OI within small to medium sized businesses (SMEs) (Gassmann et al., 2010), entrepreneurial start-ups (van de Vrande et al., 2009) and into born global firms (Gassmann et al., 2010). Reflecting on the evolution of OI, Vanhaverbeke (2012) believes that there is an urgent need for increased research into small firms activities adopting OI. The author also acknowledges that managing and organising OI in SMEs is quite specific and different from that of large organisations where the majority of the research to date has occurred. Thus, the challenges faced and the lessons learned from OI in large organisations may not be easily transferable to the context of SMEs. This presents an opportunity for research into the inner details of OI within the SME sector.

The literature review has recognised the gap in OI within SMEs as a focus for future research. SMEs are an important segment of the industry base that contribute greatly to economic growth and technological innovation (Acs and Audretsch, 1987). In a European context, 99% of all European businesses are, in fact, SMEs<sup>i</sup>. SMEs provide two out of three of the private sector jobs and contribute to more than half of the total value-added created by businesses in the EU<sup>ii</sup>. However, looking more closely at Ireland, SMEs accounted for almost 99.8% of active enterprises, 69.1% of persons engaged, 51.5% of turnover and 46.8% of gross value added (GVA) in 2010 (CSO, 2012). The SME sector is regarded as a vital contributor to sustainable economic and employment recovery (Lawless et al., 2012).

The focus of this proposed research is a niche category of SMEs termed born global firms (BGs). Some of the reasons for selecting born global firms for research include:

- Born global firms are firms primarily focused on the global market from inception;
- These firms are likely be consistently engaged in innovation practices;
- The opportunity for growth is widely regarded as higher amongst BG firms than traditional SMEs due to the internationalisation focus.

There is a rich opportunity to reveal the nature and OI practices undertaken by born global firms. Born global firms are essentially a category of small to medium sized firms with a global vision, a global product or service and a founder(s) and/or CEO with the drive and determination to realise this global vision. The research proposed offers further scope in understanding these research streams – open innovation and born global firms. The merging of these two research streams has not taken place and this research proposal thus offers the opportunity to connect these two streams impacting on innovation development. While previous work has explored innovation in the born global firm (Knight and Cavusgil, 2004) and OI in the SME sector has been explored (Bianchi, 2010; Brunswicker, 2013; Hyukjoon, 2010; Vanhaverbeke, 2012). The specific issue of OI in the strategically important category of born global firms has not yet been explored. In particular, Lee et al., (2010: 299) “...*On the premise that commercialisation after invention is essential for innovation, and that SMEs are good at inventions but lack adequate resources for commercialisation, we suggest that one possibility to boost open innovation in SMEs lies in collaboration with other firms at the commercialisation stage.*”

## **Methodology**

Semi-structured interviews will be conducted with the founder(s) of the born global firms identified. CEO's and/or founders will be selected as interviewees and other organisational employees at a lower management level with the experience of implementing and executing the OI strategy. To achieve reliability of data; interviews will also be sought with sample executives from the collaborating organisation(s). Interviews have the benefit of enabling the researcher to actively intervene, ask for more detail and seek clarification if necessary (Potter and Wetherell, 1987). Secondary data will also be gathered including annual reports, press releases, media

reports and also conversations during on-site visits and industry conferences. Interview transcripts will be analysed and coded.

### **Results and implications**

The fieldwork is currently underway. A number of interviews have been completed and early stage data analysis is in progress. However, complete findings at this point are not yet available.

This research will inform the SME community and in particular born global community as to better ways of collaborative innovation management. This research will also assist policy makers in their research.

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<sup>i</sup> Source: European Commission web site: [http://ec.europa.eu/enterprise/policies/sme/facts-figures-analysis/index\\_en.htm](http://ec.europa.eu/enterprise/policies/sme/facts-figures-analysis/index_en.htm), last accessed March 7<sup>th</sup>, 2013

<sup>ii</sup> Source: European Commission web site: [http://ec.europa.eu/enterprise/policies/sme/facts-figures-analysis/index\\_en.htm](http://ec.europa.eu/enterprise/policies/sme/facts-figures-analysis/index_en.htm), last accessed March 7<sup>th</sup>, 2013

# Effects of the Canterbury Earthquakes on Small Businesses

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Key words:  
Disaster, firm performance, regeneration, adaptive capability, innovation

## **Track Title: Firm performance**

### **Paper Title: Effects of the Canterbury earthquakes on small businesses**

#### **Aim of the Paper:**

The role of SMEs in the regeneration of urban and metropolitan areas has been associated with the revival of former deprived and industrial areas. By comparison, the role of SMEs in the regeneration and recovery of post-disaster urban areas has received less attention, despite the fact that prevalence and likelihood of natural and man-made disasters have increased in the 21st century. Theoretically, SMEs should have a crucial role in post-disaster environments, as they are more flexible, than larger firms, and can respond to new opportunities in an environment characterised by Schumpeterian 'creative destruction'. Yet, outside of North America, there is little empirical research evidence on their role, particularly on the features that are most vital to survival at an organisational level (Deitch and Corey, 2011).

In 2011, the city of Christchurch in New Zealand suffered a series of major earthquakes which devastated the centre of the city and the surrounding locality. The aim of this paper is explore the role of SMEs in the recovery of post-disaster environments. More specifically, this article investigates the effects of the Canterbury earthquakes on SME operations and performance and the factors that drive growth in businesses that have been affected by the earthquakes.

#### **Background Literature:**

Previous evidence suggests that the impact of natural disasters will vary across firm size, sectors and localities. For example, some SMEs may be located outside an impact zone, yet be more affected than others inside the impact zone, if they are involved in a vulnerable sector or involved in a vulnerable supply chain (Zhang et al, 2009). The role of SMEs is crucial in the recovery of post-disaster city environments such as that of Christchurch. The significance of that role, however, will depend upon a range of factors including the extent of crisis management planning, dynamic and adaptive capabilities of the firm and the extent and strength of local business networks.

In the paper we combine three theoretical perspectives – organisational resilience, dynamic capabilities and social capital – to develop a conceptual framework of the factors that affect the extent to which SMEs will be able to take advantage of Schumpeterian environments of creative destruction. Creative destruction may occur because businesses that are vulnerable will close and business owners running marginal businesses may be affected psychologically and bring forward plans to close or retire. By contrast, nascent entrepreneurs seeking to start a new business may bring forward plans through the recognition of less competition and new opportunities.

From an organisational resilience perspective, the extent of SMEs' prior preparation and planning is crucial for post-disaster recovery. For example, in vulnerable local economies where disasters regularly occur, such as flooding in Queensland, Australian SMEs have changed their behaviour based on past experiences and learnt to develop contingency planning. However, those that were not directly affected are less likely to adapt their behaviour and strategies for future preparation.

A dynamic capabilities approach (Newey and Zahra, 2009) suggests that the extent to which entrepreneurs and SMEs can respond to new opportunities will depend on their ability to learn and their absorptive capacity (Zahra and George, 2002). On the one hand, it can be argued that small firms are highly vulnerable to the impacts of crisis such as natural disasters because they have limited financial and human resources to respond. On the other hand, it can be argued that they are more flexible and better able to respond quickly to changing environments. This adaptive capability is crucial to their resilience to a crisis such as a natural disaster.

The restoration of social capital will depend upon the resilience and flexibility of local business networks and their effectiveness. Drawing on Australian evidence, effective local business networks were found to be important for information and communication and restoring business confidence (Apan, et al 2010).

#### **Methodology:**

This paper draws on quantitative survey evidence of 1,036 SMEs in New Zealand and qualitative interview evidence with 17 business owners or senior managers from within Canterbury. Using descriptive, univariate

and multivariate statistics as well as content analysis, the paper explores the effects of the Canterbury earthquakes on business operations, business performance as well as drivers of growth in businesses that had been affected by the earthquakes. It has to be noted though that the results represent only surviving small firms. Firms that have experienced very strong negative impacts may have closed or relocated. This is an inevitable bias with much of the post-disaster research and results needs to be carefully interpreted in the light of this survivor bias.

### **Results and Implications:**

While businesses within the impact zone reported much stronger negative effects of the earthquakes compared to business outside the impact zone, they also reported much stronger positive effects. These results clearly highlight the varied impact of a natural disaster on small businesses even within the same geographical region i.e. impact zone.

Results showed that those businesses that were affected by the earthquakes and still operating 12 months later were outperforming businesses that were not affected by the earthquakes in terms of sales value, and overall growth i.e. combined turnover and profitability.

Businesses that were growing, despite being affected by the earthquakes, were more likely to have introduced new or significantly improved products or services, were more likely to be medium-sized and have a stronger adaptive capability. Location, industry, the strength of local business networks and disaster management planning had not effect on business growth.

Overall, the study provides much needed evidence on the role of SMEs in the recovery of post-disaster environments. By contrast, results from qualitative interviews with large firms and MNCs, demonstrates that they were less committed to the city and the Canterbury region, with examples of businesses that brought forward plans to move production overseas.

There remains, however, a need for further research in post-disaster environments including: Longitudinal research (both qualitative and quantitative) that examines the lessons learned by SMEs and their adaptation over time, the role of business support and the impact of support measures and the interaction and role of business and local community networks.

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## Strategic Vision and Key Success Factors in SME

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Key words: Strategic Vision; Key Success Factors; Performance; cognitive mapping; SMEs' owner-managers.

**Track Title :** Firm Performance

**Paper Title :** Strategic vision and key success factors in French' SMEs

**Aim of the Paper :**

This study proposes a reflection and an empirical investigation in the vision. Vision, transformed into action, taking shape around a system of relationships, both internal and external, in which the owner-manager develops his learning, structure his cognitive references, defines his roles and exchange with its environment. In fact, how can the vision help the entrepreneur, the researcher or the stakeholders in SMEs to understand the success (or failure) of the organization? To answer this question, our research is based on the exploration of the structure and the strategic vision content of ten successful SMEs' owner-managers using an appropriate tools (cognitive mapping and structural analysis) for examining the cognitive universe particularly in terms of dimensions perceived as key success factors (KSFs).

**Background Literature:**

"Speaking about the SME means speaking about owners-leaders of SME. And we cannot speak about owners-leaders of SME without speaking about the entrepreneur" (Filion, 1997). Often when it comes to a manager, leader or entrepreneur, the concept of vision emerges almost automatically. For Filion (1991), the vision can be defined as "an image projected into the future of the market space to be occupied by the products and the type of organization needed to achieve this". Basically, this vision implies the existence of a context-oriented strategy (Tregoe & Zimmerman, 1979).

It seems that the leader and his intuition are the starting point of the process when it comes to strategic management in SMEs (Marchesnay, 1986). This intuition comes from its perceptions, its stored representations, which means the cognitive processes built during its existence (Bayad and Garand, 1998). Thus, the entrepreneur conceives, develops and realizes his vision based on his experience, learning and cognition in order to discern the market variables he identifies as KSFs.

Rockart (1979) in his work had defined critical success factors as performance measures which, if they are satisfactory, will ensure successful competitive performance for the organization. In this sense, the manager have to define the information needs to achieve the goals of the organization. As highlighted by Verstraete (1999) the first relativization of KSF's concept is related to the creator himself and especially what he considers, in light of its aspirations which he has " to made explicit " for himself, as a success. In fact, it's by exploring his vision that the KSF he perceives shows up. For Verstraete (1997), KSF which are for a period (t), all factor liable to be mastered and which is recognized (identified) as playing an important role in the successful realization of the project.

If we interested in studies on the KSFs, these have several limitations. Indeed, we notice that they focus either on the phase of creating SMEs or on some sectors particular the studies conducted on the NTVs (Verstraete, 1997; Cooper et al., 1994; Dahlqvist et al., 2000; Lasch et al., 2005). Our aim is to explore the cognitive universe of owner-managers through the cognitive mapping in order to identify the dimensions they perceive as key success factors (KSFs). However, to our knowledge, there are no studies designed to map the KSFs by category. For our study we will base ourselves on some models of performance. Indeed, the performance models tell us about different dimensions or variables of performance which demand for each of them a control of specific factors.

For our research we build on work of Sicotte et al. (1998), which propose an integrative approach of key performance models. In the functionalist perspective of the authors, the performance of an organization can be defined as its ability to establish and maintain a dynamic tension between four poles as illustrated the figure 1 :

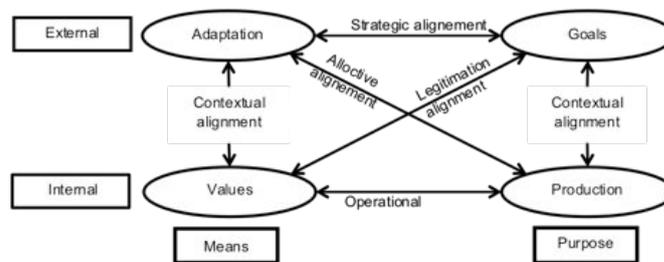


Figure 1: Organizational performance model : Sicotte et al. (1998)

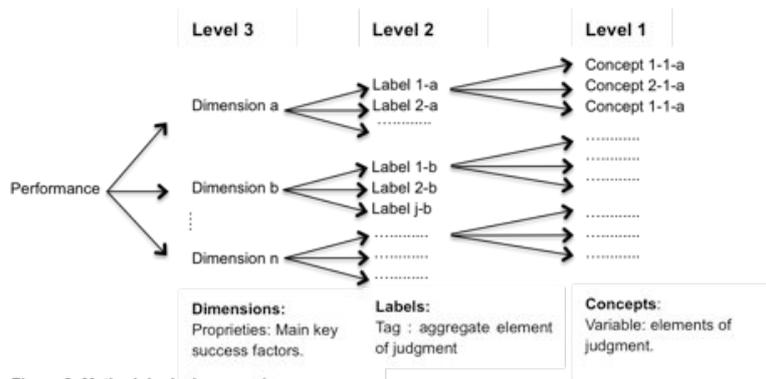
**Methodology:**

The study focuses on ten performing SME. The difficulty of establishing indicators that enable to state that a company is performing is well known by researchers and has been the subject of many debates (Van de Ven and Poole, 1988). Therefore, performance was assessed on the basis of two criteria. The first is the recognition by the environment (Filion, 1991) thus, the ten SME selected have won different awards between 2005 and 2008 (Innovation Award, quality, actions in HR...). As second criteria, the main economic performance ratios for each business were compared with those of activity's sector of belonging (Database

DIANE). These SMEs all have less than 50 employees. They have an industrial activity, and their aren't subsidiaries or branches.

Different methods are applied to study empirically the strategic vision of business leaders (Daniels, Chernatony and Johnson, 1992, Cossette, 1994; Axelrod, 1976; Bougon, Weick and Binkhorst, 1977). The use of cognitive mapping is more frequently used in the last twenty years. (Cossette, 1994, Cossette and Audet, 1992, Bougon, 1992 Huff, 1990). For Cossette (1994), a cognitive map is "a graphical representation of the mental representation that the researchers have of a set of discursive representations expound by a subject. It is an image consisting of concepts and links - most often of influence - some of them combined, forming paths of influence, that is to say: roads connecting one concept to another passing through one or more other concepts, or even loops when a concept has an indirect influence on itself." For Eden and his team (1979, 1992), the "Collective Card" results of arbitration between group's members or community and the "composite chart" concern the individual cards superposition.

We used a methodological approach (Figure 2) inspired by the grid of individual buildings's directory (RepGrid) by Kelly (1955) and developed by Hunter (1997). Firstly (Level 1), we used the methodology of "systematic exploration grids" (Cossette, 1994) for building 10 cognitive maps of SMEs leaders. The Level 2 is to consolidate the concepts expressed by leaders in the individual cognitive maps. The adopted principle was to exclude concepts that were not mentioned by at least 2 leaders (Chabin, 2002) the emergence of at least two leaders (Chabin, 2002) as well as the emergence of common labels. 659 concepts and 917 links were observed across all individual cognitive maps. 128 concepts are common to at least two leaders. After the common validation these 128 concepts were regrouped into 21 labels or tags.



For validation we presented to each leader their respective individual cognitive map (Decision explorer), After that, each leader has completed this stage of level 2 of our methodology, he was asked to complete a 21x21 matrix labels. The leader should write 0 if no link for him between two labels, 1 if there was a positive correlation and -1 for a negative relationship. This exercise was conducted on line (explanatory) and column (explained).

Using the software Ucinet a general matrix, 21x21 labels was performed by adding the individual data matrices. In adopting the method proposed by Ginsberg (1989), values within this matrix-oriented ("directed") are 0 (if less than five leaders evoke the link) and 1 (if five leaders and further validate the relation). After this operation we have a positive relation. This second level approach enables to make the composite chart of the ten SMEs leaders (figure 3):

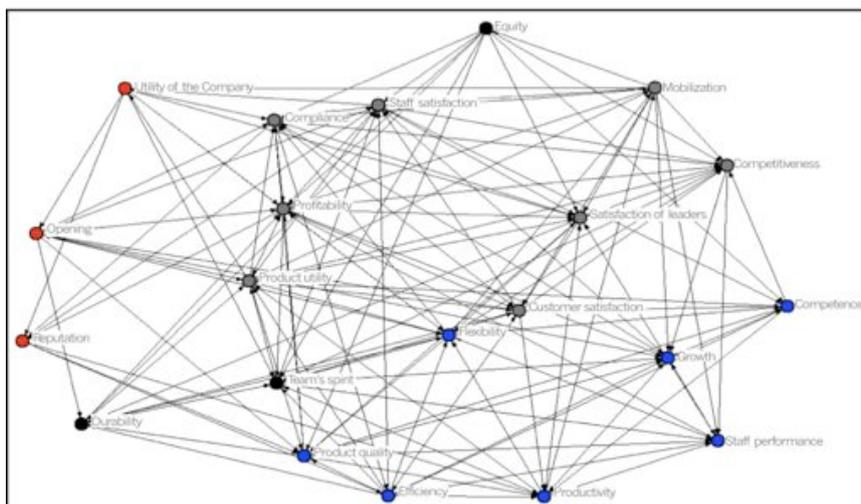
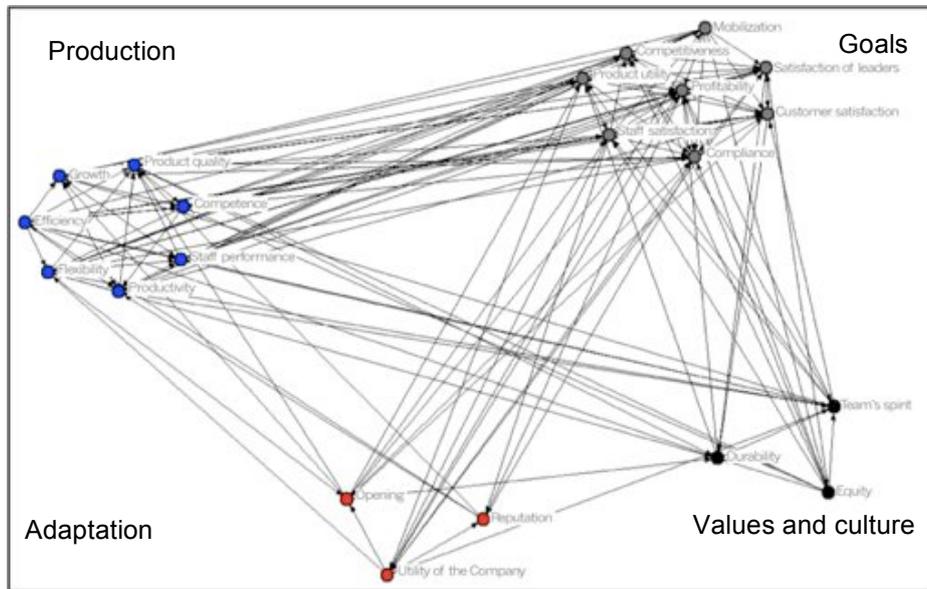


Figure 3: Composite map of ten SME leaders

Using Ucinet & Netdraw, the grouping concepts was based on the similarity of relations between concepts or "subgroup". This grouping corresponds to Level 3 of our methodological approach.

**Results and Implications:**

In fact, from the similarity of the associations between labels of the composite map a classification into four groups of nodes was performed using Netdraw (Figure 4), this groups consistent with the four dimensions of the model Sicotte et al.



Six points are discussed in the results of this research :

- The performance of SMEs: a multidimensional concept
- SME performance: a hierarchical concept
- SMEs performance : a dialogical concept
- The "adaptation" Dimension: importance of territorial anchorage for SME's leaders
- "Achieving goals" Dimension: a small complex where the actors are multiple and interests converge
- "Human resources": a presence in three of the four dimensions of performance

# Entrepreneur and Innovation: Territorial Dynamics and Institutional Intermediation

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## Aim of the Paper

The purpose of this paper is to explore the linkage between territory and business innovation and thereby entrepreneurship. In an increasingly complex and networked market place, the definition of territory and innovation transposes very different realities according to various scientific disciplines especially a multitude of economic, institutional and social actors. From Carel and Dubos-Paillard (2009) point of view, this definitional blur is threatening a major disruption to current exchange of information and studies. Crampes and Encaoua (2005) believe that the impact of spillovers and positive externalities relies on the essential ingredients of the geographical microeconomics of innovation, integrating a public innovation feature (or more precisely new knowledge flows related to innovation process) and sharing of indivisibility and costs (skilled labor, risk financing, equipment and infrastructure) (Olivier Gaussens and Patrice Georget, 2012). Inevitably as this mobilization stage is insufficient to understand the performance within and throughout innovation, the question of innovation and its territorial underpinning come to the fore, this will mean the emergence of spatial and psychosocial aspects of innovation. Above all the formal characteristics that distinguish the linear scheme of innovation with the evaluation of managerial conditions being necessary to the innovation development and the sustainability of the situations mentioned, whereby social or relational capital support is gained, in particular firm activities and resources mobilization are organized. Entrepreneurial process is found to be the solution that relatively autonomous actors adopted, in creating a common space for innovation. From this dynamic a set of hypotheses is built on a territorial anchorage, the first construct is a metabolism, measured by its capacity to produce skills and knowledge, but also by the concept of sustainability. This paper makes use of a combination of literature review and case study to synthesize a proposed new framework for business innovation.

## Background Literature

Territory: a powerful vehicle for sustainability

The sustainability dimension has become applicable in town and country planning issue through the comeback of "territory" (Jean and Vanier, 2009). "The local initiatives based on the principles of spatial proximity, organizational or institutional, participative democracy and increasing the" capability "could form the basis of a treaty regime capable of changing individual and collective behavior in the way of sustainable development ". N.Buclet (2011, p.186).

Innovation through territory: The search for specificity

While the role of labor and capital is no longer relevant, quality of the organization and the accumulation of local expertise and local resources have found their way into innovation business. In support of the argument for variation rather than permanency, those resources aren't definitely acquired (Crevoisier and Kébir, 2004).

Territory is an organization and elevation competency factor

Using an art of resource combination, productivity has lead to an organizational productivity models. Another potential strength is the potential efficiency of all parts alliance through the production system, where relational efficacy is likely to have a significant influence on productivity interfaces, whether the firm articulates internal or external ties in its competitive environment. Whence, in this complexity, the identification of competencies is identified as somewhat problematic. The reliance on the advantage construction to support a sustainable territorial development is attributed to public policy and institution specification (research centers, local authorities, CCI, etc..) (Zeitlin, 1985, Salais and Storper, 1994).

Methodology, Results and Implications

Case study ARDAN (Action Régionale pour le Développement d'Activités Nouvelles): using cooperative mechanism for competencies organization

The concept of territory, cooperative approach to governance and collaborative relationships among the three major institutional spheres (university-industry-government) will be introduced with description of a training-operational development mechanism called ARDAN, that has been conducted to identify the links between aspects of territory and innovation performance of 10 000 SMEs in 11 French regions. A framework is then offered to facilitate the incorporation of social capital to provide a more effective entrepreneurial competencies framework.

Key Words: territory, innovation, sustainability, entrepreneurial competencies, social capital, institutional intermediation.

**Competitiveness and Corporate Social Responsibility (CSR) as a business strategy in Small Business in Buenos Aires City, Argentina**

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*"The data argue that companies that practice CSR seriously and not as mere propaganda increase their competitiveness, and pro green consumers prefer CSR, investors rely more on them, the staff productivity is higher and have more sustainability. "(Bernardo Kliksberg, Clarin, 2007)*

## **Aim of the paper**

The aim of this paper is to show whether economic outcomes are closely related to social responsibility in the domestic sphere. Is CSR a business strategy that increases the competitiveness of SB?

## **Background Literature**

The main idea of Corporate Social Responsibility (CSR) is linked to the commitment that the company generates towards its stakeholders, those groups which directly relates both externally and internally. This commitment, goes beyond legal issues, which are not a subject of discussion because it is the responsibility of the company to meet all legal requirement. Therefore a company that stands for a CSR strategy cannot be contemplated, if we only consider its legal aspects to be met.

This concept is advancing rapidly in the world, with different nuances, and is no longer a fad or a marketing strategy to manage a business.

This development was partly due to the demands of society, who that considers the company on the one hand as a driver of the economy, but on the other hand as an organization that takes resources from the environment. Thus, having an impact on the life of society as a whole must act with responsibility, preserving not only the economic hub but also the social and environmental. We are talking about the "common good" and not just the profits of one particular sector. From the 90th was a continuum in the creation and editing of different tools to improve the quality of business management with an emphasis on sustainable development, defined as "an ongoing process of change (and not a fixed state) in which the use of resources, the orientation of technological development and institutional change must be consistent with the current and future potential of the human nations ".<sup>1</sup> To achieve this, companies must commit to carrying out CSR strategies taking them into account in all decisions. As Vidal Martinez argues, "CSR represents a new way of conceptualizing not only of social policy but also a new form of private enterprise, it is a concept that allows bridges between economic and social rationales"<sup>2</sup>

Large companies can devise a formal model of CSR that gives great importance to the processes, stakeholders, and accountability through standardized mechanisms, etc.,as they have the resources to conduct a responsible strategy in all areas.

However, it is more difficult in the case of Small Business. We can not expect the micro and small enterprises to adopt an identical model. Moreover, it would not be appropriate to conceive a model that doesn't cover all aspects of the conception that requires responsible management. It must be a model that attend substantially the type of company we are referring to. We know that talk about

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<sup>1</sup> ALBUQUERQUE, Francisco..R ural development, local development and sustainable development. An institutional approach. Material Master in Local Development. UAM. 2007

<sup>2</sup> Vidal Martines, CSR, an Introduction, Universitat de Barcelona. Barcelona. España, 2004

CSR in an SB is to apply new and complex concepts and a language and logic to companies that sometimes cannot cope with the national economic situation. It is a difficult task, and there is a long way to go but it means an opportunity, not a threat to SB; a challenge that will achieve improvements in management and be part of the sustainable development of their country. SB are a key sector for the economy of all countries, which managed in a responsible way will become a sustainable and competitive businesses.

CSR is a flexible concept which can be adapted to different types of companies and their size or level of turnover is not an impediment for it to be the way to manage a company. As a concept that encompasses ethical, social, environmental, economic, etc., it must be framed within each context and adapt to the opportunities that each country has and the status of their business practices. It would be inappropriate to replicate what most developed and most experienced countries are implementing in CSR practices, given that these last groups have years of application.

Deep in the first decade of the century, CSR has become part of the agenda of big business for their impact on the development of its structural value, but what is the situation of SB?

In the research we are developing we are focusing on the case of the situation of SB in the City of Buenos Aires, Argentina. In Argentina 95% of businesses are small and medium, and it is also possible for them to conduct a management that addresses the economic, social and environmental development.

It first highlights the role and values of the founding entrepreneur. His motivation and leadership are essential for the SR to be a business strategy. Rather than large firms that usually CSR projects outward in SB it looks inward. This is to undertake concrete actions that benefit employees; by improving the work environment, improving the performance and hence the productivity of the company.

## **Methodology**

For the purposes of this study, it will be carried out a comparison between SB that did not apply CSR and those that have begun to do it in Buenos Aires City. The selection criteria to identify SB is that used by the Secretary of Small and Medium Enterprises, ie. according to sales. On the one hand, they must be older than 5 years and on the other hand, those who are implementing CSR strategies not less than one year to compare profitability. We also take as samples SB in different industries to observe whether or not there are differences between them.

## **Expected Results and Implications**

In general terms we could say that SB have been conducted in some ways with socially responsible, but not as much visibility as large companies and without formalizing their practices. As we shall see SB are companies where often there is no different between ownership and management, its members, performing multitasking are the visible face of the company and will interact daily with all its stakeholders. This often turns into implemented actions that coordinate with other groups depending on the will of the owner and his commitment to a cause. They do not use formal or measuring for several reasons. Firstly, they do not have the bureaucratic steps required to large companies, and sometimes they have managed beyond what is required by law, but without even considering if they were applying CSR. Even more they don't apply tools that measure the increase of productivity and therefore competitiveness from it. However, we have also consider the fact that SB are more vulnerable than larger companies, so it is a must to defend their survival in the market and one of the best way is to liaise with stakeholders and create social capital.

## **ICSB Mentors Without Borders**

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**Title:** ICSB Mentors Without Borders

**Track:** Education

**Aim of Workshop:** To highlight a new ICSB global initiative, discuss the goals and outcomes, gather feedback and encourage participation from ICSB members.

**Summary:**

ICSB Mentors Without Borders gives an opportunity for leaders in the area of business, education, and policy to share their expertise and experiences internationally. This transformative experience enriches global perspectives and creates responsible leaders. In a matter of days, this is achieved by engaging the world's most innovative students and leaders across cultures and in the business, technology, education, and many other fields, to develop the skills that one can't find in a classroom- sharing the challenges mentors have faced throughout their careers that could shape their lives.

ICSB Mentors Without Borders is a five-day delegation, focused on various activities that form a synergistic combination of some of the world's brightest and most talented individuals collaborating with world leaders and experts.

**Goals**

- To provide a forum of exchange of ideas between the mentorship relationship from around the world to promote human development through education, with mutual respect and understanding.
- To facilitate inter-cultural understanding and collaboration through the platform of education.
- To inspire a commitment when designing solutions to some of the individual's challenges in their field.
- To ensure that commitments are implemented upon each delegate's return to their home country.

**Mission**

To engage experts and students from countries around the world in active dialogue about challenges in their field, and enable them to create and implement solutions.

# **Academic Spinoffs New Venture Teams and Performance: Insights from Faultline Theory**

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Keywords: academic spinoffs; entrepreneurial teams; innovation; performance; faultline theory; subgroups approach.

**Innovation track co-chaired by Luca Landoli and Bill O’Gorman**

## **Academic Spinoffs New Venture Teams and Performance: Insights from Faultline Theory**

### **Aim of the Paper**

Academic spin-offs (ASOs) are defined as new firms established by faculty members based on intellectual property generated from their research (Shane, 2004). They have the potential to generate jobs and economic growth but have been found less efficient than the independent new technology-based firms (Ensley & Hmieleski, 2005). The founding conditions are determinant for new venture success and the entrepreneurial team (ET) is one of the rare that is relatively controllable (Forbes et al., 2006; Klotz et al., 2014). Studies examining the relationship between the ET and ASO performance draw on the upper-echelons theory (Hambrick & Mason, 1984) and the human capital theory (Becker, 1964) and generally conclude to the homogeneity of the ET and its lack of commercial expertise (Heirman & Clarysse, 2006). This issue is mainly tackled by (a) an effort to have surrogate (external) entrepreneurs (Franklin et al., 2001) join the core team of academics, and (b) relying on the resources and capabilities brought by other equity stakeholders constituting the extended ET, such as public research institutions (PRI), venture capitalists (VCs) and industrial partner firms. However, this artificial way of constituting ETs is more and more challenged by research as it does not produce the expected results (Knockaert et al., 2011; Vanaelst et al., 2006; Wright et al., 2007). Moreover, the true value-added of the extended ET is also questioned (Heirman & Clarysse, 2006, 2007). An explanation to these mitigated (if not negative) results may be found in the faultline theory (Lau & Murnighan, 1998; Lau & Murnighan, 2005) recently introduced to the case of new venture teams (Lim et al., 2013). Lau and Murnighan (1998: 328) argue it is important to introduce the notion of “group faultlines [which] are hypothetical dividing lines that may split a group into subgroups based on one or more attributes.” They suggest that while the classical perspective might have more potential for performance gains, faultlines have more potential for performance losses owing to increased subgroups conflict. Faultlines provide an informal structure for intragroup conflict, hence the effective cross-subgroup work communications for groups with weak faultlines contrarily to those for groups with strong faultlines (Lau & Murnighan, 2005).

In this paper, we argue that faultline theory is particularly relevant to the case of ASO ETs as one of their specificities is the possible existence of two identity-based subgroups, the core academic ET and the practitioners (surrogate/external entrepreneurs), and hence a faultline. Social identity theory (Tajfel & Turner, 1986) posits that individuals perceive others as belonging to subgroups that notably represent shared values (Carton & Cummings, 2012) and academics and practitioners do both have a quite distinct culture and mindset (Rasmussen, 2011). Moreover, as recently shown in entrepreneurship research, the presence of other stakeholders such as venture capitalists in the new venture team can create additional faultlines (Lim et al., 2013). Consequently, we assert and demonstrate the insights a subgroups approach underpinned by faultline theory can bring to the understanding of the impact of an ASO ET on new venture performance.

### **Background Literature**

We first briefly present the traditional theoretical approaches to ASO ET performance and conclude that, overall, upper-echelons theory assumes that high levels of diversity lead to improved performance (Homburg & Bui, 2013), and human capital theory assumes that more human capital is always better (Davidsson & Honig, 2003). We also show the mitigated research results that led to authors questioning the value of adding practitioners to the team and the value of the extended ET. We then introduce the faultline theory perspective and derive several hypotheses on the relationship between ASO ET composition and new venture performance. Because of the duality of the strategic orientations present in ASOs (Vanaelst et al., 2006), we consider two types of performance outcomes: research-oriented and market-oriented. While the academics might be more interested in the development of the best possible technology, the practitioners would be more focused on getting the technology to the market and sell.

Our first hypotheses rely on the idea that the presence of a faultline in the ET (between academics and practitioners) will negatively impact research outcomes but that market outcomes will be better off with the presence of practitioners than without because the negative impact predicted by faultline theory will be somewhat counterbalanced by the positive one predicted by the traditional theoretical approaches.

Our second group of hypotheses relies on the idea that the extended ET (PRI, VCs, industrial firms) will moderate the relationship between ET composition and ASO performance. More specifically, we argue that the presence of a PRI will positively affect this relationship if the ET is only composed of academics (as

there won't be a faultline between these two subgroups). However, the presence of VCs or industrial firms will negatively impact this relationship as there will be a faultline between them and the core team of academics. Moreover, in the case there is also a subgroup of practitioners in the ET, the presence of VCs or industrial firms will turn positive because the strength of the faultline will then be reduced and research has demonstrated that an existing but moderate (less strong) faultline might actually enhance performance, providing a healthy level of conflict (e.g., Gibson & Vermeulen, 2003; Thatcher et al., 2003).

## Methodology

We base our empirical analysis on a unique hand-collected database comprising all the ASOs created in Italy between 2000 and 2007, with most of them being created in the last two years. For each of these 290 spin-offs, balance sheet data and information about ownership and governance provided by the Italian Chamber of Commerce have been examined. We then focused more precisely on the founding individuals, i.e. a set of around 1.500 founders. Based on the data provided by the Italian Ministry of Education, University, and Research (MIUR), we analyzed the precise position of all academic founders at the time of ASO creation. For the founders without an academic position, their "practitioner" status at foundation was confirmed by an analysis of curriculum information available on the web. Finally, we accessed the Orbit database to collect information on the ASOs patents and licenses. The total number of ASOs with the needed information is 172.

The ET is divided into academic and non-academic founders and the different configurations (with or without the presence of practitioners and, hence, a faultline) constitute the independent variables. Members of the extended ET are founders and equity stakeholders as well (PRI, VC, and industrial firms) and constitute the moderators. For each ASO, we focus on two performance measures: (1) sales growth and (2) number of patents and licenses (proxy for innovation), which are the dependent variables. All hypotheses on sales growth are tested using linear models estimated by OLS. Since number of patents and licenses is a count variable in which each observation can take only non-negative integer values, all hypotheses on innovation are tested using Poisson regression models estimated via maximum likelihood. In Poisson regression models, the spinoff age is used as an offset variable and inference is based on standard errors robust to overdispersion. All models include relevant control variables (e.g., year, industry, and geographic area dummies, ASO size).

## Results and Implications

We find that an ET comprising academics only has, as we expected, a positive impact on innovation and a negative one on sales. Academics are concerned with innovation as it is in line with their career objectives and they have the required skills in this domain. On the contrary, they lack market-orientation as well as the required business skills. We find that an ET composed of both academics and practitioners has a positive impact on sales but a negative one on innovation. Finally, our results reveal that, contrarily to our predictions, nor the presence of PRIs, nor that of VCs and industrial firms, offsets the negative effects of the different ET configurations on organizational performance.

We argued that the traditional approach to examining the impact of an ET on a new venture's performance might be flawed in the case of ASOs where we are in presence of a core team of academics, thus functionally homogeneous. A subgroups approach has the double advantage to (1) allow testing for different configurations of the ET according to the absence/presence of the academics and the practitioners subgroups, and (2) appreciate the possible remedial impact of an extended ET on weak ET configurations. Because of the duality of the strategic orientations present in ASOs, we also confronted these configurations to two types of performance, research-oriented and market-oriented.

Our research helps further legitimize the subgroups approach recently introduced in the examination of new venture teams (Lim et al., 2013) by demonstrating its relevance in an academic entrepreneurship context. Moreover, we extend this perspective by relating subgroups configurations to different outcomes and also by approaching subgroups from a compensatory standpoint.

While we did not find any configuration that enhances both research and market outcomes, we argue that even though the presence of both academics and practitioners in the ET appears to have a negative impact on innovation, it is nevertheless the most valuable configuration. The presence of a practitioners subgroup hampers innovation but enables sales growth. We suggest that this presence keeps academics in check and only limits superfluous innovation that does not correspond to market needs (Iacobucci et al., 2011).

Also, our results suggest that the presence of an extended ET does not offset ET deficiencies which leads to question the deeper, other than financial, contribution of these stakeholders.

Limitations to our study are discussed and future research avenues suggested.

## Internationalisation and Gender from a Corporate Governance perspective in Spain

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**Key Words:** Gender Diversity, Internationalisation, Corporate Governance, Spanish Exporting Firms

**Track Title:** Internationalisation, Gender

**Paper Title:** Internationalisation and Gender from a Corporate Governance perspective in Spain

**Aim of the Paper:** Using the agency and resource dependence framework, this paper proposes and tests an integrated model that offers new insights into the relationship between board size, ownership structure, gender and internationalization.

**Background Literature:**

Barroso, C., Villegas, M.M. and Pérez-Calero, L. (2011) "Board Influence on a Firm's Internationalization", *Corporate Governance, An international Review*, 19 (4) 351–367.

Fernández, Z. and Nieto, M<sup>a</sup>. J (2006) "Impact of ownership on the international involvement of SMEs", *Journal of International Business Studies*, 37, 340–351.

Francoeur, C., Labelle, R., Sinclair-Desgagné, B. (2008) "Gender Diversity in Corporate Governance and Top Management" *Journal of Business Ethics*, 81 (1) 83-95.

Nielsen, S. and Huse, M. (2010) The Contribution of Women on Boards o Directors: Going beyond the Surface, *Corporate Governance, An international Review*, 2010, 18(2): 136–148.

Welch, L, Welch, E and Hewerdine, L (2008) "Gender and Export Behavior: evidence from Women-Owned enterprises" *Journal of Business Ethics*, 83, 113-126.

**Methodology:** We apply panel data methodology to 285 Spanish exporting companies. We have created an unbalanced panel from two databases: i) System for Analysis of Iberian Balances (SABI), and ii) Spanish High Council of Chambers (<http://www.camaras.org/publicado/en/>), using a selected time span, from 2004 to 2011. We use the proportion of women on the board and ownership as a moderating factor in the relationship between board size, ownership structure and internationalization.

**Results and Implications:** We expect to find (according to previous research) a positive relation between the proportion of women on the board and the firm internationalization activity. The main implications of our study are: i) those companies with a greater proportion of women on their boards and ownership structure are more likely to internationalize, with a very important consequence in the country's growth and development and ii) The government should enhance public support to encourage women education in order to allow them a greater access to management positions.

## **Sustainable Management and Performance in SMEs: A French Case Study**

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Key-words: case study; (global) performance; sustainability; small and medium-sized enterprises (SMEs)

Track Title: Sustainability

Paper Title: **Sustainable Management and Performance in SMEs: A French Case Study**

### Aim of the Paper

Nowadays, sustainable management seems more likely to be a guarantee of competitiveness for companies, regardless of their size or sector of activity. Besides offering those strategic opportunities, sustainable management practices also play a significant role in gaining acceptance and legitimacy in the marketplace. Moreover, SMEs are continually researching ways to improve their performance. In terms of global performance, sustainable innovations appear as a new form of classical innovation (Nidumolu et al., 2009) with a strong collective dimension. The relationship between sustainability and company performance has interested researchers for twenty years, even if the academic results (1) often remain controversial and (2) are mostly focused on bigger companies.

The purpose of this paper is to provide an understanding of how sustainable management practices help in achieving global performance for small and medium-sized enterprises (SMEs). Global performance considers social, environmental and societal issues in addition to economic performance. The first part of the paper looks at the relationship between sustainability and performance in the context of SMEs. The second part uses a French case study to illustrate how an industrial SME can implement sustainable management and translate this into improved performance.

### Background Literature

The first part of the paper deals with the concepts of sustainability and performance and in the context of SMEs, with a focus on Human Resources Management (HRM) practices. Barriers to the implementation of sustainability in SMEs include resources limitation (financial, human, time), economic vulnerability and a tendency to focus on short-term survival. If sustainability is still not fully integrated in the SMEs' practices, there is a consensus regarding the specific attributes of responsible SMEs (Jenkins, 2009) compared with large enterprises. Socially responsible actions within SMEs are primarily motivated by personal ethical convictions rather than by reasons concerning the activities of the company (Jenkins, 2006).

Human factors are central in this area, where SMEs are often interested in the social dimension of sustainable management. This seems to be an integral part of their "DNA". Furthermore, the effects of proxemics has a concrete influence on sustainability by granting a privileged place to stakeholders either geographically or emotionally (Courrent and Torrès, 2005). Performance is a concept that can be viewed differently. Some authors consider it exclusively from an economic point of view, but others develop a wider approach to performance. In this paper, we refer to St-Pierre and Cadieux (2011) who distinguish three types of performance: economic, sustainable (including social and environmental issues) and personal (regarding the entrepreneur himself).

Sustainable management research is often dominated by the analysis of large companies. It seems relevant to also examine sustainable management in SMEs so as to highlight potential performance impacts for these types of companies. This is the core of the second part of the paper which focuses on a case study of an industrial French SME.

### Methodology

The research methodology is primarily qualitative in nature. Our work focuses on a unique case study for a French industrial SME located in Northern France. The methodology applied is based on the work of Yin (1994). The data collected includes secondary (press articles, websites, internal documents, participation at regional and national professional events, a book published in 2012 by the entrepreneur) and primary sources. These primary data comes from semi-structured interviews with the entrepreneur and some key employees (Quality Security Environment manager, Marketing manager, Sales manager), as well as information collected during two visits of the industrial site in 2010 and 2011. This case study is part of a longitudinal work initiated by the author in summer 2010, where regular interviews were conducted with the entrepreneur either face-to-face or by telephone. As a result, the second part of the paper includes numerous direct quotes illustrating the different topics addressed.

Founded in 1928, the SME with 114 employees is a manufacturer of envelopes for automated mailing (transactional envelopes). The company produces around two billion envelopes per year (i.e. 10% of national production and a market share of 65% in its specialty) for a turnover of € 21.5 million in 2012. These envelopes are intended for the delivery of invoices and other surveys. The market for envelopes is faced with serious economic difficulties due to the increasing use of electronic invoicing in companies. As a result of this, the entrepreneur decided to rethink the whole business model of the company by integrating and formalizing sustainability.

## Results and Implications

The analysis of this case study shows how the transition from risk management to sustainable management allows an improvement in global company performance. These sustainable management practices are supported by a triple QSE (Quality Security Environment) certification which seems to have played a role of catalyst for innovation in the company by encouraging the will to reconcile the three pillars of sustainable development (economic, environmental and social). This commitment is translated in the 2013-2014 QSE policy which requires taking into consideration the following components when undertaking any investment decisions: (1) the reduction of the impact on the environment; (2) the reduction of risks at work and the improvement of working conditions and (3) the improvement of the productivity of the equipment. Furthermore, the case study focuses on a comprehensive approach to sustainability issues with a view to reconciling social, economic and environmental issues in accordance with the ISO 26000 standard published late 2010. To resume, this paper illustrates that sustainable management can be a catalyst for innovation in industrial SMEs. It also confirms the findings of Porter and Kramer (2006) that sustainability associated with innovation constitutes a label of performance.

The practical implications of the paper are interesting for the practitioners guiding entrepreneurs towards sustainability by illustrating how to achieve performance through this type of management. An important point to make is that only global performance makes sense in the long-term because the combined initiatives (whatever social, environmental or societal) reinforce the overall performance of the company. Over a decade, the SME has developed innovative envelopes composed of non-treated and non-bleached fibers that are fully recyclable. The envelopes are also produced using water-based inks and paper film windows. The company is not only innovative in its core business, but is exploring other activities. In 2011, the company diversified into consultancy services dedicated to advising other SMEs on sustainable efficacy. Practitioners need these real-world examples of "best practices" to show other entrepreneurs that sustainable management is not only a topic for "militant entrepreneurs", but also relevant to all SMEs' owners and managers.

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## **Career Choice Intentions of Mission-driven Students in a Cross-country Perspective**

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Key Words: social entrepreneurship, contextual influences, career choice intentions, cross-country perspective

## Track Title

Sustainability

## Paper Title

Career Choice Intentions of Mission-driven Students in a Cross-country Perspective

### Aim of the Paper

While there is a growing awareness of the importance of social entrepreneurship, we still lack an understanding of why and under what circumstances people try to start a social venture. Over the last years, the body of research about motives to become an entrepreneur as well as our understanding of career choice intentions in general have increased (Krueger, Reilly, and Carsrud 2000; Carter et al. 2003). However, this line of research typically only looks at individual-level determinants and ignores contextual influences. As pointed out by Baumol (1990), the allocation of entrepreneurship might depend on the institutional context. This is likely to apply to social entrepreneurship as well (Henrekson and Sanandaji 2010).

Notwithstanding, the attention paid by researchers to the role of institutions and how they influence entrepreneurial behavior is still remarkably low (Boettke and Coyne 2009). This is especially true for social entrepreneurship, i.e. we lack an understanding under which conditions potential social entrepreneurs really choose to start a social business rather than opting for paid employment.

In this contribution we try to overcome this shortcoming by looking at career intentions of potential social entrepreneurs, specifically, students who follow a social or environmental mission in their future work and career path in a cross-country perspective. To the best of our knowledge, there is no previous study specifically on this topic. The purpose of our study is, first, to compare the career intentions of these mission-driven students with that of others and, second, to show that mission-driven students choose different career paths depending on the institutional environment they live in. Our results contribute to a better understanding of social entrepreneurship and its different forms in a cross-country perspective.

### Background Literature

Social entrepreneurs aim to create social value rather than purely economic value (Short, Moss, and Lumpkin 2009). There is a growing literature on the determinants of social entrepreneurship defined as the creation of a new social business (e.g. Hoogendoorn and Hartog, 2011; Estrin et al., 2013). However, this literature ignores the fact that people with a desire to create social value have different career options. They might try to start a social business but they might also opt for paid employment in a company or in public service. People with deep environmental or social concerns usually have a strong desire to express their values by acting according to them (Bruyere and Rappe 2007). Thus, people who believe that they can make a greater impact if they work for a responsibly-behaving company or for a government agency are likely to choose this career path. Companies characterized by a good corporate social performance can be part of such people's decision making when it comes to career choices (Greening and Turban 2000). Also, research has shown that the opportunity to be useful to society is one reason that attracts people to public-sector jobs (Lewis and Frank 2002).

In recent years, researchers have pointed out that entrepreneurship is not confined to starting a business. DiMaggio (1988) introduced the concept of institutional entrepreneurship which tries to explain how institutions arise or change. Institutional entrepreneurs influence the emergence and evolution of institutions while at the same time being influenced by them (Henrekson and Sanandaji 2010). In a similar vein, Klein et al. (2010: 2) discuss the concept of public entrepreneurship which can involve a variety of activities, "such as changing the institutional environment or rules of the game, establishing new public organizations, creating and managing new public resources, and taking advantage of spillovers by private action for the wider good". They argue that public entrepreneurs in many ways behave like private entrepreneurs. Mair and Martí (2006) highlight that social entrepreneurship might also take the form of social *intra*preneurship. Acknowledging these arguments, Austin et al. (2006: 2) define social entrepreneurship as an "innovative, social value creating activity that can occur within or across the nonprofit, business, or government sectors."

Values are one of the most basic drivers of human action (Locke 1991). Previous research has found an influence of individuals' values on corporate actions (Marcus 2012) and of business owners' motivation profiles on the size and growth prospects of businesses (Jayawarna, Rouse, and Kitching 2011). Carter et al. (2003) have found that career motives to some extent distinguish nascent entrepreneurs from non-entrepreneurs. Thus, people who are motivated by a desire to create social value might choose different career paths depending on the informal institutional context they live in.

On the basis of our theoretical discussion we develop the following hypotheses:

*Hypothesis 1:* Compared to others, mission-driven students are more likely to intent to start a new business.

*Hypothesis 2:* In societies characterized by an uneven distribution of power mission-driven students tend to prefer a career in self-employment compared to paid employment.

*Hypothesis 3:* In societies characterized by a balanced level of individualistic and collectivistic values, mission-driven students tend to prefer a career in self-employment.

*Hypothesis 4:* In countries that are characterized by a high level of government intervention, mission-driven students are more likely to opt for paid employment compared to self-employment.

## Methodology

This paper uses data of the 2011 *Global University Entrepreneurial Spirit Students' Survey* (GUESSS). GUESSS is an international research project that investigates entrepreneurial attitudes, intentions, and activities of students in 26 countries in the world. Data are gathered by means of an online survey. Overall, 93,265 students at more than 500 universities completed the questionnaire. For the current study, we use data from those 18 countries, where also data on formal and informal institutional framework conditions are available, reducing the sample size to 47,143 cases.

In this study, we focus on students who are mission-driven. In a first step, we included the list of career reasons proposed by Carter et al. (2003) into the GUESSS-questionnaire and added two new motives: "follow a social mission" and "follow an environmental mission". In our exploratory factor analysis these two items form a separate factor. The other factors are very similar to Carter et al. (2003). We define mission-driven students as those individuals who give the highest importance to the mission-motive compared to the other motives investigated. Moreover, the average strength of the mission-motive of a student must be ranked as at least "rather important" to count as mission-driven. Overall, 2,256 students (4.8%) in our sample are mission-driven.

Our dependent variable is career choice intentions five years after graduation. We distinguish between three different alternatives: 'founder' (including all types of new ventures), 'employee in a firm', and 'employee in civil service'. We exclude all people from the analysis who do not aim for any employment, who want to take over their parents' firm, or who do not know yet what they intend to do five years after graduation. The time lag of five years is predicated on the observation that entrepreneurs frequently work elsewhere before starting their own business (Brockhaus and Horwitz 1986), which can be due to several constraints, especially a lack of human and social capital (Davidsson and Honig 2003; Kim, Aldrich, and Keister 2006).

We calculate different multinomial logistic regression models using individual-level data from the GUESSS project combined with country-level data from other sources. Specifically, we add country-level data on GDP per capita (PPP) (World Bank), size of government (Gwartney, Lawson, and Hall 2011) and two culture dimensions from the GLOBE-study. We use a special survey estimator, called *svy: mlogit*, in STATA that takes account of the clustering of the data and take the nation as primary sampling unit.

## Results and Implications

Contrary to our first hypothesis, mission-driven students are not more likely than others to have a start-up intention. However, compared to others, they have an above-average intention to work in civil service. The difference between the two groups is statistically significant (21.2% vs. 13.0%) ( $\chi^2 = 123,517$ ;  $p < .001$ ).

There are clear country-level influences on the start-up intention of mission-driven students. Regarding power distance (hypothesis 2), it seems that in countries where power is perceived as unequally distributed and abuse of power is prevalent, mission-driven students are likely to start a business rather than to work for a government agency, supporting our hypothesis. For mission-driven students, the intention to start a new business is highest in countries that are characterized by a balanced attitude between individualistic and collectivistic values, supporting hypothesis 3. Contrary to our initial assumptions a higher level of government intervention seems conducive to start-up intentions. However, at this point we cannot distinguish between this type of career choice and the intention to work for a company; thus, we have to reject hypothesis 4.

Our analysis of career motives reveals that the desire to follow a social or environmental mission is a discrete career motive that is of considerable importance for students in different countries in the world. Thus, future studies should add this motive to the commonly used list of career motives (Carter et al. 2003). It is reasonable to assume that the growing awareness of social and environmental problems and the recent economic crisis in many countries in the world have contributed to an increasing importance of this career motive.

Overall, our results suggest that people motivated by a social or environmental mission choose different career paths depending on the institutional background they live in. Institutional factors such as size of government and underlying cultural values can foster or hinder students to become founders of social businesses.

Austin et al. (2006) define social entrepreneurship in a broad sense, including all social value creating activities in the public and private sector. Our results support this view because we are able to show that students who follow a social or environmental mission consider different options and frequently intend to work in public service. Thus, future cross-country comparisons in the fields of social, institutional or public entrepreneurship should not neglect the influence of institutions. Low levels of social entrepreneurship might result from the conscious choices of individuals who believe that they can do well by becoming an institutional or public entrepreneur rather than starting a social business.

# Gender Differences in Attitudes towards Entrepreneurial Activity in Latin America

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Key Words: gender, Latin America, entrepreneurship, risk

Track Title: Gender

Paper Title: Gender Differences in Attitudes towards Entrepreneurial Activity in Latin America

Aim of the Paper:

1. Identify the attitudes that increase the probability of being an entrepreneur, controlling for socioeconomic factors, differences among countries and risk taking behavior
2. To establish whether there are statistically significant differences in attitudes towards entrepreneurial activity between men and women
3. To decompose the probability of having a particular attitude towards entrepreneurial activity into three components: one related to attitudes towards entrepreneurial activity, one related to economic differences and, depending on data availability, an unexplained component.

Background Literature:

Several studies have show that women have a lower probability of becoming entrepreneurs compared to men (Carter, 2000; Orhan y Scott, 2001; Congregado et al, 2008). This finding is in sharp contrast with the sustained increased in female labor force participation during the last decade (DiCecio et al, 2008; Thevenon, 2008). The explanations for this gender difference in entrepreneurial activity have been varied. While Pizarro-Pacheco, 2008 finds no significant differences in the psychological profile of the entrepreneur, Raposo et al 2008 find a larger percentage of men with self confidence and leadership attitude.

Methodology:

We use data coming from a survey applied by the Development Bank of Latin America (CAF) in 2012 in 16 Latin American cities, with a sample of 500 individuals equally distributed among sex, of the two most important cities of Argentina, Brasil, Bolivia, Colombia, Ecuador, Perú, Uruguay y Venezuela.. A special Business talent module was applied in that year in order to have a better understanding of the entrepreneurial activity of Latin American Households.

Different specifications of latent variable models are used in order to estimate the probability of men and women of being an entrepreneur as a function of socioeconomic factors and the information available of attitudes towards entrepreneurship. Using Farber's (1990) methodology it's possible to use the obtained estimates to split the difference in probabilities into two components, one that accounts for gender differences in attitudes towards being entrepreneur, the "explained" part and a residual or "unexplained" component which recognize that even the best model specification given the available information, may not include all the factors affecting estimated probabilities. Formally this decomposition is:

$$P_m(X_{im}, Z_{im}, \beta_{im}) - P_f(X_{if}, Z_{if}, \beta_{if}) = [P(X_{im}, Z_{im}, \beta_{im}) - P(X_{if}, Z_{if}, \beta_{im})] + [P(X_{if}, Z_{if}, \beta_{im}) - P(X_{if}, Z_{if}, \beta_{if})]$$

For a given country or city,  $P_m(X_{im}, Z_{im}, \beta_{im})$  is the estimated probability of men in a given city or country, as a function of individual socioeconomic factors,  $X_{im}$ , and a set of attitudes towards entrepreneurship  $Z_{im}$ .

$\beta_{im}$  is the vector of estimated marginal effects of each covariate in the equation. Similarly,  $P_f(X_{if}, Z_{if}, \beta_{if})$  is the estimated probability for women. The first element of the right hand side is the difference in probabilities taking into account only the differences in attitudes toward entrepreneurship and the second element is the residual or unexplained part.

#### Results and Implications:

Which are the best practices to stimulate entrepreneurship among women? The methodology used in our paper allows us to identify 1. Associated factors that explain gender differences toward entrepreneurial activity. 2. Which factors are important on the probability of being an entrepreneur by gender and country and, 3. The relative importance of the identified factors on this gender differences, recognizing the possible existence of unaccountable factors.

The former information enables us not only to study and identify which of the current practices aimed to improve entrepreneurship among women are most successful, (i.e. recommend a “successful country menu” of best practices to implement), but also to suggest new ones according to our results. Also, given the fact that the “unexplained” component exists and it’s important when compared to the “explained” part, exploring the possible causes associated with it, not only can improve future statistics to understand gender differences towards entrepreneurship, but also take one step further in our present analysis.

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# **Waste Management in SMEs: A Qualitative Study on Managers' Motivations**

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Key words:

Waste Management; Waste Reduction; SMEs; Motivations; Qualitative study

## Abstract

**Track title:** Sustainability

**Paper title:** Waste Management in SMEs: A Qualitative Study on Managers' Motivations

### **Aim of the paper:**

The paper presents results of a qualitative study on waste reduction and waste management practices in French SMEs. Fifteen managers were interviewed on how they implemented their waste management policies and what motivated them. The ultimate goal of this study is to provide communications tools to government agencies assisting companies in their efforts to reduce waste.

### **Background Literature:**

Interest in the issue of waste must be associated with the growing awareness of the public, businesses and the State in light of the damages caused by industrial activity. After a significant increase during the twentieth century, the production of waste by households, businesses and communities tends to decline.

The study of SMEs' behaviour is particularly important as they contribute a significant portion to general environmental problems, but not on an individual basis. A lot of managers feel that their action will not have an impact either way, i.e. neither contributing significantly to pollution nor being able to reduce it by taking specific actions in order to decrease waste.

This is also evidenced by the lack of previous research in this area. There are only a few studies on waste prevention and waste management in the context of SMEs. These studies are fairly recent, namely published starting in the 1990s. Studies have examined both the issue of the establishment of a management system (or prevention) of waste and how it affects the organization and its management. Several studies have been conducted in the United Kingdom, the United States, the Netherlands, Sweden, and only one study in France.

Most studies are based on surveys, only a handful is qualitative in nature, with in-depth interviews with a small number of leaders.

The literature review can be organized around three themes. The first deals with practices of waste management in SMEs. The second theme concerns the factors that encourage or prevent the implementation of such policies. Related to this theme is the decision-making process at the individual level. The third theme revolves around the link between environmental performance and firm performance.

The second theme is particularly interesting because it highlights the context in which the decision in favour of a lower environmental impact is made. The following factors were identified:

- At the corporate level:
  - Whether or not there is an entrepreneurial desire (by the leader) or a policy with clear objectives regarding pro-environmental actions;
  - The expectation of additional gains or cost savings, but also the fear of financial costs associated with the implementation of a waste management policy;
  - Considerations related to organizational resources: space allocation for recycling bins, allocation of time to organize the implementation and monitoring of waste management;
  - The presence or absence of regulatory requirements, standards in the industry and the degree of information that the company holds on the subject.
- At the employee level:
  - The manner in which employees are informed and trained in waste management;
  - The implementation of tools to motivate employees in good practices;
  - The employee attitudes towards waste management, protection of the environment in general;
  - The presence of a "champion" to stimulate and guide action.
- The attitude of customers may also impact the business decisions. Studies in the hospitality industry, for example, showed that it was difficult to motivate hotel guests to sort their waste.

As mentioned earlier, the methodologies identified in the articles dealing specifically with SMEs tend to be quantitative in nature. More insights were developed when looking at studies dealing with household behaviour in the context of waste recycling. Bagozzi and Dabholkar (1994) have used the laddering technique to identify motivations in waste reduction at the individual level. This technique was used to delve into more specific as well as more general motivations to recycle waste. The authors interviewed 133 households on their regular habits and found that each individual had 7.3 different motivations on average, for a total of 918.

Building on the literature review, a qualitative study, exploratory in nature, was designed to identify best practices in the area of waste management and waste reduction.

## Methodology

The methodology adopted for this study was semi-structured interviews with the person in charge of waste management. A judgment sample was selected based on whether the company implemented some form of waste management system. Twenty SMEs were selected from a qualified sample of companies having received technical assistance from the ADEME, the French environmental protection agency. Of these, twelve agreed to participate in the study. Three additional companies were identified on the same basis.

All but three companies were interviewed on the premises face-to-face, the remaining ones were interviewed by phone. The interviews were conducted in the majority of cases with quality managers and in five cases with the owner-manager of the company. The interview time ranged from one to two hours.

A relatively exhaustive interview guide was elaborated in order to gather the relevant information with respect to practices but also to beliefs and attitudes towards waste management.

All fifteen interviews have been transcribed and analyzed according to the various topics. In this paper, we will focus on the responses obtained for the motivations. These were obtained using a laddering technique.

Further analysis using the specialized software NVivo is currently under way; its results will be presented in the full paper.

## Main findings and implications

The analysis focuses on what respondents mentioned as motivations for implementing a waste reduction system or a waste management system. The first comment which can be made is that companies that have implemented a waste *reduction* system have different motivations from companies having only a waste *management* system. More specifically, companies with a more preventive outlook (waste reduction) are more motivated by economic factors and then by ethical ones. Alternatively, the five companies which declare having only waste management procedures indicate that their motivation is environmental and then ethical.

Further analysis has shown that for the ten companies engaged in waste reduction actions four different types of motivations were mentioned:

- Half of the respondents mention *economic* factors. Companies mainly indicate a decrease in production costs, a decrease in waste treatment costs as well as an increase in productivity costs.
  - o One company, in the chemical sector, explained that it initially wanted to improve work conditions.
  - o Another company explained that eco-design allowed it to renew its entire product range and be more competitive.
- A second category concerns *regulation* and norms dictated by headquarters. Three companies mentioned that their actions were driven by these factors.
- The third type of motivation relates to a voluntary *environmental approach* initiated by headquarters or by a small group of people in the company (e.g. the quality manager). In this case, there is often a certification or an environmental label attached, such as EMAS or ISO14001.
- Finally, some companies talk about a benefit for their corporate *image*.

Alternatively, when looking at the motivations of the companies having only a curative approach (sorting, recycling) three different types of motivations were identified:

- Most companies mention an *environmental* approach in the context of a certification, whether initiated in-house or imposed by the headquarters. One company mentioned that a specific label "Made in Brittany" imposed strict observance of general rules with respect to sustainable development.
- Some companies mention *economic* factors; one company declares it wants to avoid wasting raw materials or components.
- Finally, some companies also mention the importance waste management has on corporate *image*.

As indicated, these results must be further analyzed to understand the cognitive laddering of the respondents.

As government agencies are mainly concerned with encouraging companies to implement waste reduction practices, knowing which motivations are mentioned can be used in communication tools.

## **Title Page**

### **Paper Title:**

**Individual and Structural Influences on Entrepreneurial Activities of Academicians**

### **Track Title:**

**Innovation**

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**Key Words:** Academic Entrepreneurship, Innovation, German Universities, Institutions, Working Conditions

## **Abstract**

**Track Title:  
Innovation**

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Individual and Structural Influences on the Entrepreneurial Activities of  
Academicians**

### **Aim of the Paper**

Innovations are essential for economic growth, especially in knowledge-driven societies. Moreover, commercially utilizable knowledge is not only created by employees of established companies, but also within universities and other institutions of higher education. In the past, however, knowledge of great commercial potential had remained unexploited in universities (Wevand and Haase 2007). Thus, in order to stimulate innovative activity policy makers have started to foster knowledge transfer by incentivizing academic entrepreneurship. Over the last decades, for example, institutions of higher education have increasingly supported their young researchers to make use of their innovatory success gained and achieved at their workplace by starting a new venture. To date, however, surprisingly little is known about whether the incentive schemes provided so far had efficiently raised the start-up inclination of the scientific staff. Thus, to enhance this effectiveness of commercial exploitation it is important to understand the specific factors influencing the decision of academic scientists to pursue entrepreneurship or not.

To fill this gap in research literature, the study at hand analyses the determinants for entrepreneurship behavior among the scientific staff of universities. In total, the empirical analysis is based on 7,615 interviews of academicians in 70 institutions of higher education. Specifically, the study focuses on institutional factors and workplace conditions which might influence the personal propensity of academic staff for entrepreneurship. In sum, we analyze to which extend (a) individual working conditions (e.g. working atmosphere, the working place endowment, work contract or income), (b) institutions (e.g. technology transfer offices, patent exploitation agencies, chair in entrepreneurship or awards for academic entrepreneurship) and (c) peer and network affect the likelihood of the scientific staff to get engaged in entrepreneurial activity.

### **Background Literature**

To date, there are several studies analyzing the effects of singular structural conditions and their changes on the prevalence for knowledge commercialization and academic entrepreneurship. For example Di Gregorio and Shane (2003), Markman et al. (2004), Friedman and Silberman (2003), Debackere and Veugelers as well as Landry et al. (2006) consider different incentive schemes for scientists or faculties in order to spur entry into entrepreneurship among academicians. In a related vein, Algieri et al. (2011) Markman et al. 2004, Link and Siegel 2005, Chapple et al. 2005 highlight the role of technology transfer offices whereas Rasmussen and Borch 2010, O'Shea et al. 2007 and 2008, Grandi and Grimaldi 2005 examine different strategy approaches pursued by institutions of higher education to enhance commercial outputs and entrepreneurial activities of academicians. Last but not least, many other studies focus on individual resources like motivation (e.g. Grandi and Grimaldi 2005), entrepreneurial attitudes (Goethner et al. 2012), working experience (e.g. Krabel and Mueller 2009) or scientific achievements (e.g. Van Looy et al. 2011).

In sum, it can be observed that previous studies either focus on one or very few influencing factors or rely mostly on qualitative research designs. Moreover, the few existing quantitative studies are usually based on relatively small samples. The study of Gras et al. (2008), for example, takes only seven European universities into consideration. Other studies like the one of Grimm and Jaenicke (2010) focus on existing academic spin-offs; i.e. it does not account for the factors that influence the ex-ante decision of academicians to switch into entrepreneurship. A further shortfall of existing studies is the fact that only few disciplines, like life sciences or engineering are taken into account (e.g. Stuart and Ding 2006, Kurz and Wolf 2009).

Thus, in order to close the research gap, our analysis focuses on a number of different (institutional) factors from the perspective of paid employed scientists and how these factors simultaneously affect the entrepreneurial propensity of academicians in German universities. Behavioral and economic incentive based theories build our theoretical framework. Following the principal-agent theory, for example, we argue that institutional incentives from governments and universities (as principals) affect the entrepreneurial activities of academic staff (as agents). In this context, we specifically analyze if the scientists experience with the above described institutional shift is evaluated as a positive or a negative change of their working environment.

## **Methodology**

In November and December 2013 we sent a questionnaire to more than 36,000 academicians in 70 random sampled universities in Germany. The sample includes academicians from a variety of disciplines, amongst them: Mathematics, Information Sciences, Sciences and Technology, Social Science, Economics, Humanities and Health Care as well as Art and Design. We included all hierarchical levels of academic staff and academic degrees: research associates (PhD students and postdocs), assistant professors, associate professors and professors in tenure positions.

The standardized online survey consists of a bulk of questions about the employment history of the academicians in general with a focus on their perception of entrepreneurial activities and entrepreneurial intentions as well as their individual networks. Furthermore we ask for the institutional infrastructure regarding the promotion of knowledge commercialization and the entrepreneurial culture within the institution of higher education. In total 7,615 academicians fully completed our online questionnaire, leading to a representative sample for the German landscape of academia.

Currently, we are applying multivariate modeling to analyze which specific factors influence the propensity for entrepreneurial activities in a positively or negatively way. By doing so, we differentiate the propensity for entrepreneurial activity into three phases (i.e. from latent to nascent entrepreneurship). The ordered probit models analyze the probability of being actively involved in starting a new business, conditioned on the explanatory variables. Starting from a baseline model we successively enrich the model with different bundles of possible influencing factors (hierarchical regression analysis).

Basically these bundles consist of:

- Individual working conditions (e.g. working atmosphere, the working place endowment, work contract etc.)
- Network relationships (e.g. peer effects, resources, )
- Structural working conditions (technology transfer offices, patent exploitation agencies, etc.)

## **Preliminary Results and Implications**

The data analysis is still ongoing, but first results already indicate that individual and structural working conditions as well as network relationships influence the entrepreneurial propensity of academicians. Moreover, we find evidence that omitting important factors associated to these specific bundles can bias the results. Put differently, omitted variable bias is a serious problem in the above cited body of empirical research. First results also imply that individual working conditions and peer effects are important determinants of the entrepreneurial propensity of academicians in universities. To the best of our knowledge, this study is the first to use representative data to directly test how the academicians entrepreneurial propensity is related to specific individual working conditions (including measures of diverse job tasks, job variety/diversity, on-the-job learning, autonomous workplace decisions, job stress levels, job atmosphere). The major limitation of the study is that at this particular time we are still analyzing our data. Thus, the discussed results are first results.

However, we are confident that further results and their practical implications for policy makers will be discussed within the presentation at the conference. We believe that our study will make several important contributions. Most important, it emphasizes the importance of the exposure of the scientific staff to university specific working conditions with regard to the decision to start a new venture. This is an area that should receive more attention from educators as well as from policy makers.

**ABSTRACT TITLE PAGE**

**Entrepreneurs' Sustainability Attitudes: What is the Effect of Proximity to Carbon Emitters?**

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**Track Title:** Sustainability

**Keywords:** entrepreneurs; sustainability; proximity; attitudes; carbon emission

## **Track Title**

Sustainability

## **Paper Title**

Entrepreneurs' Sustainability Attitudes: What is the Effect of Proximity to Carbon Emitters?

## **Aim of Paper**

The aim of this paper is to understand what a group of entrepreneurs, those who own and manage smaller firms, think about sustainability. Importantly these firms operate in the Latrobe Valley region of Victoria, Australia, which is dominated by the mining and burning of brown coal to generate and supply of 90% of Victoria's electricity from four power generators. One of the generators has been labelled the worst polluting power station in Australia (Environment Victoria, 2014). The power generators in this region are at the forefront of the national carbon emission debate because one generator alone emits over 16 million tons of (or 15% of Victoria's) greenhouse pollution each year (Environment Victoria, 2014).

## **Background Literature**

Definitions of sustainability draw on the work of the Brundtland Commission (1987) where sustainable development was defined as development that meets "the needs of the present without compromising the ability of future generations to meet their own needs" (p. 1). This lineage can be seen in Savitz and Weber's (2006, p.x) definition of sustainability in the business field as "one that creates profit for its shareholders while protecting the environment and improving the lives of those with whom it interacts". Clearly sustainability deals with the triple bottom line (TBL), incorporating economic, natural and social aspects, although some have identified a fourth element when spiritual aspects are added to the concept (Werbach, 2009). Indeed, some suggest sustainability is a *precondition for doing business* (Dyllick & Hockerts, 2002) but when it comes to smaller firms, it is not clear this is the case.

In smaller firms it is the consciousness of the owner-manager of the impacts of their firm on the environment that is a major driver for sustainability practices (Lawrence et al. 2006; Lewis and Cassells 2011). According to Hammann et al. (2009, p.39), personal values are "the basis for defining the normative standards" of firms. Lawrence et al. (2006) show that personal values drive the application of sustainability practices. Moreover, entrepreneurs have greater social concerns than concern for the natural environment as their firm is embedded within the community and they have a desire to care for others around them.

In this paper we are concerned with entrepreneurs' attitudes to sustainability in light of their close proximity to the power generators which emit significant amounts of greenhouse gases. There is a long history of research looking at the way behaviour is influenced by spatial and geographic location, particularly with respect to environmental attitudes (see Brody et al. 2004). Proximity affects the way individuals' view and value particular places or environmental features (Hannon & Norton, 1997). However, in this case we are dealing with a 'negative' environmental feature and so we would expect that proximity to this polluting industry would either strengthen entrepreneurs' resolve to implement sustainability practices in their firm or alternatively make them immune to the environmental hazard such that there is no effect on the sustainability practices in their firm.

## **Methodology**

The attitudes of entrepreneurs to sustainability were explored in this study. All operated businesses within the Latrobe Valley, the region of Victoria, which is dominated by brown coal power generators. A questionnaire was developed and administered by two of the authors who have extensive networks and relationships with businesses in the region. Sixteen entrepreneurs operating firms in a range of industries participated in the research after the objective of the research was explained to them. A questionnaire which included many open-ended questions designed to gain detailed responses was sent to the entrepreneur and they were given time to reflect and write their responses. An analysis of responses was undertaken in terms of meaning of sustainability, positive and negative attitudes towards sustainability, positive and negative impacts on the firm as a result of the proximity of the four power stations, and energy and waste reduction activities within the firm.

## **Results**

When asked what sustainability meant to them, 75% of respondents defined it in terms of economic aspects only. However, when asked about sustainability in relation to their business, nearly one third said it included both economic and natural environment aspects, and when specifically asked about 'environmental sustainability for their business', nearly half considered sustainability to include economic and natural environment aspects. Less than 10% indicated 'sustainability' was not a word used in their business sector

Nearly 80% of the respondents had worked for a power company prior to establishing their business or had a close family member working in the industry. While there were differences of opinion, the majority of these held a positive attitude towards the power generators. The power generation industry has undergone significant structural change since the mid-1990s and this had brought positive and negative outcomes for businesses. Some were able to supply services while others were adversely affected through the reduction of investment and spending power in the region. Around a quarter of the respondents felt the uncertainty around the future of brown coal power generation and the implementation of the carbon tax had adversely affected their businesses: "tough times", "restricted development", "low morale" and "decline in community support" were ways this was expressed. Power costs had risen and this affected all smaller firms. But for some, particularly those in the financial services sector, they were able to introduce new services to help their clients cope with rising costs.

When asked about ways the power industry affected their attitude toward sustainability, a quarter suggested there was no impact. Over a third suggested proximity was positive. As one entrepreneur commented "The constant challenge of finding new ways of sustainability (both natural environment and economic) encourages me to do the same". Two suggested that proximity to the power generators was problematic for sustainability. As one entrepreneur said, "It's difficult to sustain and grow the business in an environmentally friendly way, if the power stations don't support local businesses".

Regardless of proximity all respondents were affected by the increasing costs of power. The high cost of power had motivated many of them to manage their costs more efficiently, which they indicated was part of their sustainability practices. Nearly 90% had employed energy reduction strategies motivated by cost reduction or a sustainable focus to their business. Over a third had introduced more efficient equipment or machinery and another third had more efficient lighting or had reduced the number of lights. Other innovative recycling and waste reduction practices had also been implemented. However three respondents had not introduced any energy reduction strategies.

### Implications

Proximity can impact on attitudes. The Latrobe Valley is home to major power generators, who contribute to Australia's greenhouse gas emissions. The power generation industry has been under scrutiny to reduce carbon emissions, implement environmentally friendly means of producing power and change practices within industry to become sustainable. Proximity to the power generators had mixed effects on entrepreneurs' attitudes to sustainability. Sustainability practices were driven primarily by the increasing cost of power, which affected all firms, not just those proximal to the generators. However, leading by example is important and sustainability efforts of the power generators themselves affect the efforts of those in business around them. The implications of this study are that large firms or industry that dominates a region should note that they are watched by others and consider the ramifications of their decisions on the attitudes and behaviour of other firms in the region.

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Planning and preparing to teach Enterprise Formation to interdisciplinary students: Lessons learnt!

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Keywords: learning outcomes, entrepreneurship; undergraduate programme

**Track Title:** Education

**Paper Title:** Planning and preparing to teach Enterprise Formation to interdisciplinary students: Lessons learnt!

**Aim of the Paper:** The aim of this paper is to identify how the learning outcomes for an undergraduate interdisciplinary module called Enterprise Formation are written, what the syllabus for the module entails, and the design of the lecture and assessment plan bearing in mind the interdisciplinary nature of the cohort of students taking the module. The module is classified as an interdisciplinary module due to the fact that there are 7 different disciplines enrolled on the module. For some students the module is a minor option (i.e. one of three modules within a minor option); for others it is an elective module and for others it is a core module. What is interesting to note is that the majority of students are from non-business backgrounds, more specifically Science and in most cases this will be the first module they would have taken that introduces them to entrepreneurship and business principles.

**Background literature:** According to the Directorate-General for Education and Culture (2009, p.11) learning outcomes ...*describe what a learner is expected to know, understand and be able to do after successful completion of a process of learning* and as such *they emphasise the link between teaching, learning and assessment* (Directorate-General for Education and Culture 2009, p.13). Interestingly, the DG states that there are two approaches to writing learning outcomes, either as threshold statements (i.e. describing what needs to be done to obtain a pass) or describing the typical (i.e. indicating the level of achievement of the learner) and that the statement of the learning outcomes must explicitly state which definition is being utilised. For the learning outcomes designed for this module the definition being used is the latter i.e. 'describing the typical', therefore the opening statement of the learning outcomes states: *'On successful completion of this module, students should be able to....'*

Before discussing the learning outcomes it is important to clarify the aim/goals and objectives of the module. Light *et al.*, (2009, pp.82) state that a *'course aim'* refers *'to what the teacher is generally trying to achieve in the course'*. To put this in the context of the module under examination here, the aim is *'... to expose students to the process of entrepreneurship and to provide hands-on experience in the creation and development of a new business venture'*. Next, Light *et al.*, (2009, p.82) state that learning objectives are *'more specific and refer to what the students are expected to learn'*. They describe what students are actually able to do in observable terms having successfully completed the course. For Enterprise Formation, three module objectives have been designed which include the following: (1) to develop skills in evaluating and preparing a business plan; (2) to facilitate students in the development and application of the skills necessary in formulating, implementing and controlling a business plan; and (3) to establish project credibility and improve students' presentation and communication skills. The paper will further elaborate on other literature that influences the design of the learning outcomes and it will conclude this section by presenting the finalized learning outcomes for the module.

Subsequent to the learning outcomes, the paper will identify the syllabus for the delivery of the content that will achieve the learning outcome devised for the module. The content is broken down into 11 topics and the paper will highlight how, within the syllabus, the module objectives and the learning outcomes are aligned with the teaching sessions and with the assessment methods devised.

Following on from the syllabus section, the paper will discuss the lesson plan(s) and lecture(s) that have been designed to achieve the module learning outcomes. Within this section, key learning techniques/innovations will also be highlighted. When teaching the module, students are provided with the skills, tools and competencies necessary to gain the mastery of the subject. The learning techniques aim to develop skills the student will need which echoes what Rawson (2000 p.225) believes to be an important skill which is *employability* which depends on *learning to learn* and includes a package of skills such as critical thinking, time management, communication skills and these skills are similar to the ones developed in students on completion of this module. What is evident within the classroom is that the 'environment' is more a 'test lab' for their business idea. This echoes what Bigg (1999, p.67) suggests in that *'the lecture can easily be turned into a session in which the student is also an active participant'*. Students are encouraged to work together or as Bigg (1999, p.60) suggests *'students can work collaboratively and in dialogue with others, both peers and*

*teachers' and through listening to and getting assistance from external advisors, their understanding deepens and therefore surface learning does not ensue but 'deep learning' and change occurs.*

The final section of the paper will focus on the assessment plan. According to Rawson (2000 p.285) assessment should not be designed to assess learning outcomes but moved '*towards the assessment of process*' and '*to develop that process to embrace more than intellectual and skill development*' and the assessment strategy for this module aims to achieve what Rawson (2000) proposes. The module is taught with a 'student-focused strategy' in mind emphasising the goal of fostering skills needed for lifelong learning and therefore focuses on assessing '*what students did...to achieve understanding*' (Biggs 1999, p.61) i.e. the completion and delivery of a business plan. Additionally, the assessments would fall under the criteria of 'performance assessment' according to Bigg's (1999, p.70) typology of assessment tasks since they are based on presentations and projects. The paper will explain this approach in more detail.

**Methodology:** The methodology adopted for this paper is primarily based on desk research and analysing the literature so as to formulate appropriate learning outcomes. The Delphi approach was also adopted when it came to devising the best approach to the learning outcomes and the assessment/feedback approach. The University of Limerick has a 'Centre for Teaching and Learning' and the experienced faculty associated with this Centre were used to get responses from. Results of this will be included in the paper.

### **Results and Implications:**

The results of this paper are many fold. Readers will have access to a comprehensive review of the literature on devising learning outcomes. From this, readers will be able to adopt, modify and/or incorporate the learning outcomes devised in this paper into their own module should it be similar to the module under discussion. Readers will be able to incorporate adopt an assessment plan that has been reviewed and evaluated by leading experts in the field. Finally, a comprehensive lesson plan written and devised by a recognised academic in the field of entrepreneurship will be provided. From this readers will be able to adopt and incorporate innovative pedagogical approaches within their own module.

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# Perceptions of Academic Entrepreneurs: The Elephant in the Commercialization Room

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Abstract

**Track Title:** Different Contexts

**Paper Title:** Perceptions of Academic Entrepreneurs: The Elephant in the Commercialization Room

**Aim of the Paper:** This paper addresses the reasons that potential academic entrepreneurs might either choose to commercialize the results of their biomedical research, or alternatively might choose not to do so.

**Background Literature:** How can research scientists be primed to enter commercialization activity? This simple question has a complex answer that involves multiple levels of the research organization. We are developing a multidisciplinary model of the institutional (Kelly, Kaley, & Dobbin, 2006; Ruef & Scott, 1998), organizational (Aldrich & Ruef, 2006), and personal factors (Davis & Shaver, 2009; Shaver, in press) that might encourage research scientists to commercialize their discoveries. Much has been written about the policy changes necessary to support commercialization. This literature ranges from work that places universities in a central role for technology commercialization (Breznitz, O'Shea, & Allen, 2008; Darmody, 2011; Powers & McDougall, 2005) to work arguing that "entrepreneurial universities" are "voodoo institutions" (Harrison & Leitch, 2010). However, in the academic literature and policy literature (regardless of the specific role given to universities), one element is notable by its absence. Specifically, there have been virtually no attempts to examine the perceptions and motivations of the academic scientists from whose ranks would come the founders of biomedical startup companies. Doing so is the focus of our research. Recognizing that academic scientists work in an institutional context and belong to organizations that exist both within and outside of the institution, our work is informed by the literatures of institutional theory and organizational theory as well as by research on the personal characteristics of individual entrepreneurs.

Since the passage of the Bayh-Dole act in 1980, universities have become increasingly interested in commercializing the technologies developed in their research laboratories. This economic development role for higher education has generated a substantial literature on what has come to be known as the "entrepreneurial research university." Opinions on the value of adding economic development to the university's two missions of research and education cover a range from enthusiastic support (e.g., Etkowitz, 2004) to trenchant criticism (e.g., Harrison & Leitch, 2010).

Regardless of the perceived social value of the university's role in economic development, there is general recognition that commercialization begins with what Krabel and Mueller (2009) call the "importance of scientists' personal incentives" (p. 947). Indeed, one can argue that if the university

thwarts the scientists' personal incentives, those scientists desiring to commercialize will do so through the "back door," avoiding the technology transfer office for some other way to begin commercial activity. In an extensive review of technology commercialization, Allen (2012) called for increased research attention to a variety of issues, including "Are there intrinsic motivators for scientists to become engaged in commercialization activities? This would contribute to our limited understanding of what motivates scientists" (p.15). It is also important to identify the institutional and organizational factors that encourage researchers to use the "front door" of their university technology transfer offices.

**Methodology:** Detailed structured interviews were conducted with a dozen academic medical scientists at a major regional academic medical center. This institution has recently created an office of entrepreneurship and innovation responsible for increasing commercialization of the device and drug discoveries made in its research laboratories. As is the case with any academic medical center, the challenge is to capitalize on research discoveries without creating internal procedures so complex and burdensome that they lead researchers to forego commercialization altogether.

Following approval by the IRBs at both institutions (that of the investigators and that of the respondents) ten academic scientists were asked a structured series of questions designed to elicit their views of the commercialization process at their medical center. Perceived support for commercialization activities was assessed at the colleague, departmental, and institutional levels; the protocol was careful to avoid suggesting what the "right" answer might be at any of these levels of the organization. Research support histories and demographic information were also obtained, but categorized in a way that would cloak the identity of any individual scientist. With IRB permission and each scientist's permission, the interviews were recorded for later analysis. Names were not associated with the interviews that were transcribed. The qualitative analysis program QDA Miner was used to identify responses that clustered together across individual respondents. Themes revealed by the program were then reviewed – and revised if necessary – by the two investigators.

**Results and Implications:** Of the participants interviewed, 100% agreed that the institution should engage in commercialization activities and that the institution had a responsibility to make commercialization accessible to its scientists. When asked why they thought commercialization was important, most acknowledged that it could bring money to the institution and the scientist, but most also stressed that the research should be utilized to better society and that commercialization is the ultimate fulfillment of research.

The majority also indicated that they felt generally pleased that the university had recently made changes towards supporting commercialization. Nevertheless, the majority of those interviewed also expressed that the process still seemed more overwhelming than it should be. Participants were consistent in their descriptions of the problems in the system; 1) resources had been given to commercialization, but no one was certain who was accountable for use of the resources, 2) the conservative nature of the directors and lawyers in pursuing patents, and 3) unclear access to available resources. Solutions were also consistent across participants, and included suggestions to create a clear decision-tree for commercialization, more active communication from directors of the commercialization center, and the employment of a JD/PhD to understand patent law and research. Although these findings are stated in terms of the particular setting, they also raise two general issues that apply more broadly: (a) an institution's past policies frame the discussion for changes made in the present, and (b) policy changes initiated by the upper administration of an organization will be effective only to the extent that they are followed by concerted actions perceptible to the rank and file.

## **The Influence of Audit Information on Managers' Decision-Making in Innovative Firms**

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**Keywords:** Financial accounting, audit, innovation, small firms, managers, decision-making theory.

## **Abstract:**

### **Small Business Management**

#### **The Influence of Audit Information on Managers' Decision-Making in Innovative Firms**

##### **Aim of the Paper**

This paper seeks to explore our understanding for how financial reporting and audit is discussed between the auditor and the manager of the innovative firm and how this information is then used to make business-decisions related to innovation. Innovation is important for firm survival, profitability, growth and renewal of small businesses (OECD 2012). Small business constitute a crucial part of economies worldwide and they are viewed among policy-makers as the solution to unemployment and creators of wealth (e.g., Birch 1979; Storey 1994; Acs, Arenius, Hay and Minniti 2004; Jermakowitz and Epstein 2010). Prior research focused on the use of financial information in small firms report that different types of financial information is used in the management of small companies (Kirby and King 1997; Bennett and Robson 1999; Collis and Jarvis 2002; Svanström, 2008). Moreover, this research shows that the audit firm (or their external accountants) who provides with statutory annual account gives advice to the manager of the small firm. In fact, accountants are rated as the most used external source of advice for small firms and important when the new and small business owners lack finance and accounting skills (e.g. Bennett and Robson 1999; Gooderham, Tobiassen, Doving and Nordhaug 2004; Berry, Sweeting and Goto 2006). For example, the auditor (Certified Public Accountant, CPA) can translate financial reporting in terms understandable for the manager of the small firm (Marriott and Marriott 2000; Perren and Grant 2000). However, there is little knowledge from prior research of how financial information communicated with the auditor is used by managers and their decisions related to innovations.

##### **Background Literature**

Financial reporting and regulated audit of such information is regarded as important information for both external and internal decision-makers (e.g., Healy and Palepu 2001; Power 2003). For external purposes financial reporting and audit is important to mitigate the problem with asymmetric information between the firm and the external stakeholders of the firm and that this leads to improvement in firms' investments. For internal purposes it is found that financial information helps managers and other internal decision-makers to identify good projects and to increase investment efficiency (e.g; McNichols and Stubben 2008; Chen, Hope, Li and Wang 2011). However, the knowledge of the role of financial accounting in a context of entrepreneurship and innovation is limited (Davila and Oyon 2009). Prior accounting research focuses mainly on accounting in publicly traded firms. Less attention has been paid to accounting information in private firms in general and different types of private firms in particular. In fact, some literature on entrepreneurship indicates that accounting is only about the past and that it is therefore not of interest for entrepreneurs decision-making (Young 1987; Gibson 1992; Collier 2005). In contrast, recent studies about accounting in the context of entrepreneurship reveal that entrepreneurs are in fact users of accounting information (Davila 2001; Davila 2005; Blomkvist 2008). For example, entrepreneurs as managers of fast growing firms are more involved in the production of financial accounting information compared to managers in not growing firms when the annual report is produced (Blomkvist, 2008). Also, the managers of fast growing firms also discuss financial accounting in a larger network of actors involved in the year-end procedures compared to managers in not growing firms. One important actor in this network is the auditor of the firm. Information such as innovations and R&D, and also information about sales and accounts receivables, are some examples of important financial accounting that managers of fast growing firms discuss.

Prior research focused on decision-making in innovative firm shows that financial information is important for managers who evaluate innovative projects and make criteria go/no-go decisions throughout the development process. Hart and Hultink (2003) show that the financial value of an innovation in the early phase of the develop process is a very important factor for decisions among innovative firms in UK and Holland. Financial information is also important for decisions related to exploration and exploitation in innovative firms in Spain (Carbonell-Foulquie 2004). Cooper (2008) argues that financial information is useful in decision-making but it can't be a single factor, other information and measures about an innovation must complement. Finally, findings in the field of management control systems (MCS) suggests that product innovation enhances financial performance when accounting information is used in budgets as a planning mechanism (Dunk

2011). In contrast, Dunk also finds that when the emphasis is on using budgets primarily as a control mechanism, innovation fails to influence performance.

Taken together, there is a belief that financial information may bring valuable knowledge to decision-makers in organizations. This is likely to happen when the annual report is audited and when the auditor communicates financial information and audit with the manager of the innovative firm. The discussion between the auditor and the manager can bring new competence to the manager. This competence can be critical and further be useful for the manager when decisions related to exploration and exploitation of opportunities is undertaken.

### **Methodology**

To understand how managers use financial reporting and audit discussed with the auditor, I contacted three audit firms. I asked the audit managers about their contacts and experience of innovative firms among their clients. I selected six innovative firms on basis of the information from the auditors and on basis on the information about the firms from their annual report. I chose to do an exploratory study because existing literature in the area of financial accounting and innovation is still sparse. Case studies are preferred methodology to build knowledge about a phenomenon (Yin, 1988). This methodology approach limits the extent to which results can be generalized. However, it seeks to provide sufficient understanding for the issue. I interviewed six innovative firms and their auditors in two steps. In the first step interviews were semi-structured around a set of questions about the financial report, audit, and discussions between the auditor and manager. In the second step, I follow up with interviews around questions about how information from the audit meeting is used in relation to the innovations process.

### **Results and Implications**

Initial results provide a diverse set of how financial reporting and audit is discussed between the auditor and the manager of the innovative firm and how this information is then used in relation to the innovation process. First, there is a wide range of audit meetings were managers discuss financial reporting and audit with the auditor. Most respondent managers discuss the financial report and audit with the auditor at a board meeting. Also, an additional audit meeting with firm personal is held in one firm. The auditor provides additional specified financial information about the firm, such as ratios, graphical, and figures comparisons. Also, the auditor provides information about strengths and weaknesses in the firm information system. Further, the auditor explains and interprets the financial information. Second, initial results also show a wide range of managers' use of audit information in relation to the innovation process. Managers use audit information in decisions related to new investments and in decisions related to exploration of existing projects. Further, managers use cost ratios discussed at the audit meeting to develop internal management control systems.

This exploratory case study contributes to the knowledge of how financial reporting and audit is discussed between the auditor and the manager of the innovative firm and how this information is then used to make business-decisions related to innovation. The results also contribute to further studies in order to understand the role of accounting in innovative firms where opportunities are explored and exploited. Studies about how managers use financial reporting and audit for decisions related to innovative ideas are rare, specifically focusing on the interaction between managers and auditors.

# **New Business Creation as Collaborative Activity in a Joint Innovative Space**

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Key Words: New business creation, Collaboration, Open innovative space, Case-study

Track Title: Innovation

## **Aim of the Paper**

This paper explores new business creation as multiple stakeholders' collaborative activity in a joint physical space. The context of the study is universities' entrepreneurship community *Business Kitchen*, which is an open innovative space. The main aim is to elaborate how a joint innovative space can enable collaboration and more specifically, social interaction between different stakeholders aiming to create new business.

Previous studies on innovation processes have shifted from the idea of controlling pre-defined problems towards solving ill-structured problems (Chesbrough, 2003; Oksanen & Ståhle, 2013). This later approach fosters the innovation capacities of actors and assumes that the nature of innovation is ambiguous (e.g. heterotopia studied by Hjorth 2005). In this paper, we explore how an innovative open space (Business Kitchen) functions as a platform for activity for different stakeholders. However, our approach does not aim to orchestrate the actual collaborative activities taking place in this space.

## **Background Literature**

In the past decade learning scientists have reached the consensus that conversational interaction is the mediating mechanism whereby collaboration contributes to learning. In group situations, individual action can be seen as publicly accessible versions of their private thinking (Sawyer, 2006). While working together, the individuals may notice that there are a number of other perspectives different from their own and question his or her current pre-understanding (Piaget, 1985). Subsequently, these kind of collaborative situations prompt the participants to start creating new knowledge together.

Furthermore, it has been found that collaboration is always situated in a certain context. The physical spaces of collaboration have an effect on how collaborators interact with each other and how they, among other things, share their views and conceptions. Furthermore, it has been found that through the design of collaborative spaces, it is possible to support or disrupt collaborative activities (Sundholm, 2007; Dillenbourg, 2002; Oksanen & Ståhle, 2013). At the same time, in the entrepreneurship literature, the conception of opportunity creation has been widely discussed in terms how entrepreneurial event, imagination as well as entrepreneurial passion take place (Hjorth 2004; Hjorth 2005; Sarasvathy 2001; Baker & Nelson 2005). The research of the activities and especially the role of business context in opportunity creation, however, are widely neglected (see: Holt 2008). The entrepreneurial events and business contexts seem to be involved closely with each other, and in terms of Holt (2008, 61) "contradictory experiences as opportunities" are an entrepreneur's problem solving attempts to generate and legitimate an opportunity". Empirically, it seems also to be clear that the entrepreneurial events cannot be discussed without the notification of the business contexts.

## **Methodology**

In this study, we consider Oulu Business Kitchen as a space for collaborative activity for new business creating. We apply the single case study methodology approach presented by Yin (2009) because it is appropriate in the situation where the research's object is to investigate new business creation as multiple stakeholders' collaborative activity in a joint physical space. Thus, our aim is to reveal how from participants individual action patterns emerge a collaborative space that motivates wannabe and even serial entrepreneurs to create new business.

We collected the primary data from active users of Business Kitchen through several semi-structured interviews and participatory observation. We used snowball method for reaching the saturation of the data. In addition, our secondary data consists of archive interviews conducted for development purposes of Business Kitchen. We utilise qualitative content analysis to categorize the elements of collaborative activities in new business creation.

## **Results and Implications**

The results of the study point out that Business Kitchen as a platform enables multiple stakeholders to engage in collaboration. Our findings provide insights on actions of participants collaborating in innovative space for new business creating. Joint space opens up possibilities for meeting new people, getting to know each other and constructing new knowledge related to new business creation. The results of this study suggests that our empirical context (i.e. Oulu Business Kitchen located in the northern part of Finland) is one of those initiatives in the global business creation, which exemplifies how joint collaborative space enables social interaction between different stakeholders.

In this study, we went through the notion of new business creation as collaborative activity in a joint innovative space. Conversational interaction prompts entrepreneurs to take action in various ways. This seems to be the key mechanism in creating new business that target to the market potential.

# **Human Capital and the Environmental Engagement of SMEs in Pakistan's Leather Industry**

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**Key Words:** Environmental Engagement, Human Capital, Capabilities, SMEs, Pakistan, Leather Industry

## **Track Title**

Sustainability

## **Paper Title**

Human Capital and the Environmental Engagement of SMEs in Pakistan's Leather Industry

## **Aim of the Paper**

This paper aims to explore the environmental practices of small and medium-sized firms (SMEs) in the context of a developing economy. Specifically, the objective is to explore and describe the influence of human capital as an enabling factor on environmental engagement of SMEs in Pakistan's leather industry. A secondary objective is to explore the different motivations of SME owners and managers for adopting pro-environmental behaviours in this industry sector.

## **Background Literature**

In the past, the main focus of research has been on the environmental practices of large firms (Tilley 2000). More recently, researchers have developed interest in SMEs (e.g. Blundel et al. 2013; Parker et al. 2009), but much of this research has focused on developed economies. Consequently, little is known about the environmental engagement of SMEs in developing countries. While these firms are generally considered to have an important role in addressing economic problems, like unemployment, poverty and low growth, they are often constrained by various kinds of resource scarcity (Hussain et al. 2010). The paper investigates how firms are coping with environmental challenges, given resource constraints and limited access to education and training. Previous research has identified a number of internal and external drivers of, and barriers to, the adoption of environmental practices (e.g. Williams and Schaefer 2012; Brammer et al. 2012). However, research looking specifically at the *internal* processes, capabilities and resources remains limited. Developing economy-focused research can complement and counterpoint the developed economy orientation of existing work. A focus on environmental practices in less familiar cultural settings can also provide new insights.

## **Methodology**

Given the exploratory nature of this research, the study is framed within the qualitative tradition and adopts a multiple-case study research design. A combination of purposive and snowball sampling techniques were used, guided by evidence collected in a preliminary literature review, in order to select a suitable sample of leather industry SMEs. Semi-structured interviews were conducted, transcript evidence was combined with observational and documentary sources, and the cases were refined using thematic analysis techniques.

## **Results and Implications**

The initial findings suggest that water pollution is the major environmental issue for SMEs in this industry sector: it is a source of several different diseases in the local community, reduces the productivity of agricultural land, and is also causing death of marine life. Other, less severe, issues include air and noise pollution, identified locally as sources of mental stress and depression. Most of the sampled SMEs are taking some initiatives to reduce their environmental impacts. Measures include the use of environment-friendly inputs, getting environmentally-certified, adopting resource-saving practices and pollution prevention measures. Although such actions are consistent with the developed economy literature, some country and industry-specific initiatives have been identified. These include installation of water treatment plant and reducing exhaust pollution from generators. Contrary to prior research, which regards compliance with regulations as the leading motivation (e.g. Williamson et al. 2006) this study suggests that a primary factor is the presence of, and commercial pressure from, environmentally-conscious customers. The variation in findings can be attributed in part to context-specific factors. For example, there is evidence to suggest that the implementation of existing legislation is relatively weak in Pakistan. This is due to a number of factors including governmental agencies having a less developed interest in environmental issues, coupled with a lack of competency amongst local officials responsible for inspecting SMEs in this sector. The findings also show that the SMEs in Pakistan's leather industry behave differently, as compared to those in developed economies such as the EU, where governments are more sensitive to environmental issues and compliance is more strictly monitored. The study found that environmentally *non*-engaging SMEs attributed their lack of engagement to an absence of pressure from their customers. This was often because they were working with smaller customers, who were oriented towards domestic markets.

Drawing on the human capital literature (e.g. Dakhli and Clercq 2004), this study found that amongst the sample SMEs 'general' human capital was accumulated through formal sources while development of 'specific' human capital takes place through informal sources. Where owner-managers lacked capabilities to run their businesses effectively, they hired staff to complement their efforts. Owner managers with higher educational attainment, tended to be more aware of both the challenges and the opportunities in adopting new environmental practices. Some owner managers, despite being academically qualified, had a lower level of environmental awareness, which hindered the environmental engagement of their businesses. This is consistent with Gadenne et al. (2009), who argued that the level of formal educational attainment of SME owner-managers is not a significant predictor of environmental practices. Rather, the underlying obstacle may be a lack of 'eco-literacy' on the part of their owner-managers, as the decision to adopt environmental practices

appears to remain ultimately at their discretion. Some firms in the sample had also been slow to engage with these practices, despite having competent staff in place. This finding contrasts with the notion that a higher quality of human capital 'inputs' should contribute to superior 'outputs' (Diochon et al. 2008: 153). In such situations, disengagement from environmental commitments can be attributed to lack of willingness of owner-managers to make the necessary investments. It also appears that the owner-managers in this study would be more likely to invest in such initiatives through economic incentives, rather than as a consequence of adopting a sustainability agenda or acknowledging a wider responsibility for the natural environment.

The findings of this study are important in policy terms, given their focus on the enabling features of human capital in promoting environmental practices in developing countries. The findings suggest that there is considerable scope for national governments and international donor agencies like UNIDO to launch environmental awareness programmes for SMEs. The rationale is that well-designed and executed interventions could promote large-scale improvements in both the commercial and environmental performance of this industry. The findings also indicate that awareness programmes should aim, not simply to educate entrepreneurs and employees, but also to inspire them to pursue environmental opportunities.

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## **Entrepreneurial self-efficacy: Enhancing Creativity and Innovation for entrepreneurship**

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Keywords: Creativity, Innovation, Entrepreneurial Self-Efficacy

**Track Title**

Education

**Paper Title**

Entrepreneurial self-efficacy: Enhancing Creativity and Innovation for entrepreneurship

**Aim of the Paper**

Entrepreneurial self efficacy (ESE) is a construct that is gaining a lot of attention, however it remains underdeveloped and there remains a lack of understanding regarding the underlying multi-dimensionality of the construct and the potential of improving it through education. Research indicates that the improvement of creative and innovative abilities is apt to raise an individual's self-efficacy with regard to entrepreneurial tasks. Creativity and innovation are central to entrepreneurial endeavours and yet they are often separated or not fully theorized. This paper highlights a theoretical framework of innovation and creativity as applied to a multi-dimensional construct of ESE. The aim is to understand how different factors of ESE relate to each other (specifically Innovation and Creativity) and how this fits with current literature on creativity and innovation.

**Background Literature**

Schumpeter defined innovation as the introduction of a new, discontinuous combination of productive factors into the economy which may also be seen as a new production function (Schumpeter 1934, 1939). In his conceptualization the entrepreneur is the homo agens behind this process. It is the function of the entrepreneur to introduce novelty into a market-based economic system to which he is an endogenous agent. With the fulfillment of this function the entrepreneur is also a main source for the introduction and continuation of evolution and dynamics into the economic system in acts of "creative destruction" (Schumpeter 1952). This notion already shows that there is a relationship between creativity and entrepreneurship. Education for entrepreneurship should respect this tenet and involve creativity into the curriculum. The entrepreneur requires creative skills to effectively tackle the problems he or she is confronted with. Self-reliance on his or her own abilities to perform creatively when necessary will raise the entrepreneur's chances of successfully completing the process. We therefore suggest that the improvement of creative skills will raise this aspect of the entrepreneur's self-efficacy (Bandura 1997) which in turn might improve the entrepreneur's chances in solving innovation processes

Entrepreneurial self-efficacy (ESE) is defined as an individual's own belief in his/her skills and abilities linked to entrepreneurial activity. It stands among the important personal factors that influence the abilities and chances of entrepreneurs as it is a prerequisite for these groups to persist in their daily activities and in the achievement of their goals. It is no surprise that ESE has been receiving an increasing amount of attention in the literature (for example Chen, Green & Crick 1998; Forbes 2005; McGee, Peterson, Mueller & Sequeira 2009). Despite the growing body of literature, ESE remains empirically underdeveloped (McGee et al., 2009) with many calls for further refinement (for example Forbes 2005; Kolveried & Isaksen 2006). Since there is a lack of understanding of the multi-dimensionality of ESE, the dimensionability of the construct has yet to be fully established (McGee et al., 2009). Therefore further work is needed to explore and determine the different dimensions of ESE.

**Methodology**

This paper firstly considers the literature on creativity and innovation in reference to Entrepreneurship with the aim of building overall definitions. It considers the application of this to ESE through the design and use of a survey based tool that measures ESE. This tool was designed as part of an EU funded project (CAL4INO) and has been previously validated (Barakat et al 2013). Confirmatory factor analysis is used to understand the correlations between different factors of ESE and its moderating variables (for example, age and gender).

**Results and Implications**

Within this paper a framework of creativity and innovation in entrepreneurship in relation to ESE is built. This framework for creativity and innovation and the validation show a lot of positive potential for entrepreneurial and enterprise education. While creative outcomes cannot be forecasted or ex-ante produced by education, it

is possible to teach the underlying knowledge and instruments of the creative and innovative process. This frame work has implication for entrepreneurship education in and of course, important to improve understanding of the interaction of these factors. Our findings are useful within education to design better interventions and provide a better tool for understanding the impact of such interventions through ongoing measurement. Our analysis also supports the hypothesis that ESE is a multi-dimensional construct that cannot be measured by one total measure. Creativity and innovation are intrinsically linked and very much affected by ESE. If we wish to educate the next generation of entrepreneurs effectively this is certainly a key finding that should be taken into regard

**Title: Methodologies For Examining The Investment Criteria Of Business Angels: A Comparative Approach**

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**Key Words:** Entrepreneurial Finance, Business Angels, Decision Making Criteria, Methods, VPA, Conjoint Analysis

## **Track Title: Theory and Methodology**

### **Title: Methodologies For Examining The Investment Criteria Of Business Angels: A Comparative Approach**

#### **Aim of the paper**

Typically, business angels invest in just a handful of the investment opportunities that they see, with the majority of these opportunities being rejected at the initial screening stage and after just a few minutes consideration. One of the key themes in business angel research has been to understand how they select businesses in which to invest. Early studies based simply on interviews have been criticized for their retrospective nature and failure to differentiate between different stages in the investment process. Subsequent research has used conjoint analysis and verbal protocol analysis to offer more rigorous approaches. However, there is no consistency in the findings. This may reflect differences in the context, study design or data. Equally it could suggest that findings may be dependent on the methodology used.

This paper probes this issue in greater detail, applying various methodologies to the same sample of angels in order to offer a clearer assessment of what investment criteria area consistent across methodologies and which findings can be attributed to particular methodologies and why. This is the first study in angel research applying four different methods of data collection to the same sample and tests if the results are consistent across methodologies.

#### Research question 1

Do individuals rank each factor in a similar way for different methodologies?

#### Research question 2

Are aggregate rankings similar across methods?

#### Research question 3

Which methods produce the most similar results?

#### Research question 4

Which investment criterion is the most consistent across methodologies?

#### **Background Literature**

The volume of literature on business angels is relatively small despite their importance in providing risk capital to new and early stage businesses, financing several times the number of businesses that raise finance from venture capital funds. Much of the research that has been undertaken focuses on the investment decision-making process (Mason, 2006). Studies have focused on two main issues: (i) the various stages in the decision to invest (and how it compares with that of venture capital funds) and (ii) the investment criteria. Much less attention has been given to the later stages in the process, notably due diligence, negotiation and contracting, post-investment relationships and the exit.

Initial studies of the investment criteria either simply asked investors what factors they took into account when assessing an investment opportunity or provided a check list of possible criteria for angels to score. This approach has been criticized. First it is subject to the standard problems associated with survey-based research, notably post facto rationalization, lack of weighting and over-generalisation. Second, research identified that the investment decision-making process comprises several stages, notably an initial screening, at which more than 90% of opportunities are rejected, and a detailed appraisal of the remainder (Feeney et al, 1999). Critically, the weighting given to investment factors changes between these two stages (Feeney et al, 1999). However, interview studies have typically not differentiated between the different stages of the investment process.

This, in turn, led various scholars (e.g. Shepherd and Zacharakis, 1999a) to argue for the use of real time methodologies in order to gain a more detailed understanding of how business angels make their investment decisions. Two main approaches have been used. The first is Conjoint (trade-off) analysis, one of the most widely-used quantitative methods in marketing research. It is used to measure preferences (e.g. for product features) but has also been applied to the venture capitalist's investment decision (Ricquelme and Rickards, 1992; Muzyka et al, 1996; Shepherd and Zacharakis, 1999a; 1999b). However, only one study of business angel investment has used this approach (Landström, 1998). The other approach is verbal protocol analysis which asks respondents to 'think out loud' as they perform a task, in this case assessing an investment opportunity. Here again, this technique has not been widely used in studies of business angels (Mason and Rogers, 1997; Mason and Stark, 2004; Smith et al, 2011). Nevertheless, they highlight the inconsistency of investment criteria, both between different types of investors (angels, venture capital fund managers, bankers) (Mason and Stark, 2004) and in terms of investment experience (Smith et al, 2011).

## **Method**

This paper is based on interviews with 51 Business Angels (21 gatekeepers of 19 groups investing in Scotland and 30 individual angels). The groups that were interviewed included all 17 that are publicly listed on the web site of LINC Scotland, the industry body for angel groups. Three other groups are also members of LINC Scotland but prefer anonymity. These groups were also invited to participate, via LINC Scotland, but declined to do so. Two additional groups were interviewed that have no association with LINC. The sample of 30 individual angels included syndicated and non-syndicated angels.

The decision-making of the Business Angels was examined in four different ways. First, we simply asked respondents in the form of an open-ended question what were the key factors that they considered when assessing an investment opportunity. Second, we undertook ordinal measurement method which involved respondents being asked to order investment criteria in rank order from a list of that were provided. Third, a conjoint analysis – a pairwise comparison of investment criteria - was conducted. This exercise asked respondents to compare these seven factors in a series of pairwise combinations. Fourth, we undertook a verbal protocol analysis (VPA), asking respondents to ‘think out loud’ as they read a summary of an investment opportunity from a business seeking and articulate their thoughts as they read the document. This was transcribed and coded, on the basis of investment criteria.

Two types of comparative analysis were performed to identify statistically significant differences. First, the findings from these three approaches were compared across the sample. Second, sub-samples of gatekeepers were compared, notably those who were investor-gatekeepers and hired-gatekeepers.

## **Results**

Preliminary analysis indicates that each of the methodologies gives unique insights into the investment decision-making process. The key conclusion is that investors are inconsistent in their decisions when examined using different methodological approaches. Both individual and aggregate results show that results are methodologically depended. In the open-ended questions investors give fewer investment criteria than in the conjoint analysis and verbal protocol analysis emphasizing just people and markets. The implication is that open-ended questions provide a superficial insight into angel investment decision-making. There is a difference in the results from the two conjoint analyses. Respondents find it easy to put the seven investment criteria into a ranking. However, in the trade-off analysis they find it much harder to make a clear distinction between pairs of criteria. So here again, this technique appears unable to clearly identify the critical elements in the investment decision. Verbal protocol analysis provides a much richer insight into the investment decision-making process, with additional factors emerging to those offered in the open-ended question. In particular, issues associated with the exit are raised using VPA. The exit also ranks highly in the trade-off conjoint analysis but is given low emphasis in the ordinal measurement method and in responses to the open-ended question. However, it can be argued that VPA puts respondents in an artificial situation which may influence their approach to assessing the proposal which deviates from what they would do in practice. The results may also be influenced by the particular investment opportunity used in the research.

## **Implications**

The study serves to highlight the complexities involved in understanding the investment decisions of business angels, with different methodologies generating different responses. It is not just the research question that is critical; it is also the way in which the question is asked. More open-ended approaches and real time approaches – which are combined in the VPA approach – appear to provide superior insight. This is because angels look at the whole story rather than specific factors when assessing investment opportunities. However, the artificial nature of this approach imposes limitations. Future research should consider experimenting with alternative methods

From a practical perspective the study highlights the need for entrepreneurs to be wary of trite and overly generalized discussions of the investment criteria of business angels that are provided in the ‘how to’ literature. They need to be exposed to a much deeper account of how angels make investment decisions to reach an understanding why angels might say ‘yes’ or ‘no’ to their investment proposal and to shape the proposal accordingly. This highlights a key role for business support organisations.

# **What are the network belonging satisfaction's antecedents? The case of women entrepreneurs**

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Keywords: strong ties, cliques, distributive justice, education, network satisfaction, women entrepreneurs.

## What are the network belonging satisfaction's antecedents? The case of women entrepreneurs

### Aim of the Paper:

Compared to men, women suffer disadvantages as entrepreneurs. Thus, Women start business with fewer resources, fewer experience, lesser exposure to managerial occupations, but also with less financial capital than men (Loscocco et al. 1991; Boden and Nucci, 2000; Becker-Blease and Sohl, 2007).

Networking is an important determinant of entrepreneurship performance (Ardagna and Lusardi, 2010; Hall, 2000; Hampton et al, 2009). It is more difficult for women to develop networking and access to classic business networks which are often men-composed networks (Van Emmerick, 2006). It is a real challenge for women to access to such networks and benefit from resources (Shaw et al, 2001).

To develop their networking strategies, more and more women entrepreneurs decide to gather themselves in formal women networks. This networking strategy means to connect women entrepreneurs to their peers. But, it has also its advantages and disadvantages. The study of Cornet and Constantinidis (2004) showed that the majority of women entrepreneurs think it is better to join classical networks than create feminine networks. However, 73% of women entrepreneurs in the sample would like to join a network dedicated to women.

We decide to study network belonging satisfaction factors in the women network context. Our research question is: What are the antecedents of network belonging satisfaction?

### Background Literature:

To answer this question we conducted a review of literature on network satisfaction and describe three important antecedents: network composition, distributive justice and education.

Network satisfaction's members is a required condition to keep members in the network. Chen et al. (2011) show the impact of users' satisfaction of social networking on continuance intention towards social networking. More generally, network satisfaction is the result of an overall assessment of psychosocial aspects of enduring relationships between members (Casalo et al, 2010; Sanchez-Franco et al., 2012). As antecedents of network satisfaction we considered network composition, distributive justice and education.

Relationships among members inside the network can be a source of satisfaction or/and dissatisfaction for network's members. The possibility for members to get resources from the network is really the main reason why entrepreneurs belong to networks. According to social capital theory authors, social ties can be a source of information (Granovetter, 1973 ; Ingram & Roberts, 2000), social control (Burt, 1992), opportunity recognition (Ozgen & Baron, 2007) and getting other resources such as business referrals (Chollet et al. 2013). Ties created inside a network can be potential bridge for getting these resources. Although, social capital researchers often focus on personal network or personal social capital, the network can be studied also as a global social capital. Consequently, the network composition is the basis for resource exchanging.

*H1: The more the ties are strong among network members, the higher is the network satisfaction for network' members.*

*H2: The more the number of cliques is important, the lower is network' satisfaction*

Distributive justice (Greenberg 1986, 1987, 1990) is central in the determination of satisfaction (Fields et al., 2000: 547; Colquitt et al. 2001; Fong and Shaffer, 2003: 559). Distributive justice refers to the comparison between, in one hand, the network member's contribution (such as investment in time, in money), and in other hand, the network member's retribution (impact on the functioning of the women network). More precisely concerning retributions, women networks can be useful to recruit good employees, obtain advices, seize new business opportunities, and find business partners (Baines and Wheelock, 1998). However Cornet and Constantinidis (2004) underline those expectancies can be different from one women entrepreneur from another. Networks can be expected as been a place of exchanges, human contacts, a convivial place or/and a place that will offer tangibles benefits: training access, enlargement of clientele, market, a way to find new providers.

*H3: The more there is distributive justice in the network, the more the members are satisfied.*

Usually, education is a control variable. In our case, we think that the level of education, viewed as an intellectual capital, has an impact on the level of network belonging satisfaction. Indeed, the more the member is educated the less he can learn from the other network members. Of course, the member can have access to information but will less benefit from other resources such as knowledge, expertise or advices.

*H4: The more the member is educated, the more the member is unsatisfied.*

### Methodology:

Based on the conducted literature review four hypotheses were formulated. We tested our hypotheses on a sample of 127 French women entrepreneurs who belong to a women's network. In France, women represent 29% of entrepreneurs (INSEE, 2010), and this percentage is currently in progress. French government has fixed an objective of 40% of women entrepreneurs in 2017. Our sample is essentially composed of women entrepreneurs of very small companies i.e. less than 10 employees (98 % of our sample; n = 124); in services activities (60 % of our sample; n = 90). This sample is suitable to French women entrepreneurs because they

work more often than men entrepreneurs in service activities. For instance, concerning France, women represent 54% of the entrepreneurs in education, health and social work activities whereas they are 10% in construction (INSEE, 2010).

Concerning data treatment we used the software SPSS 21.0 and proceeded to hierarchical regressions to test our four hypotheses.

### **Results and Implications:**

Our results show that strong ties, clique presence, distributive justice and the level of education have impacts on network belonging satisfaction.

People in a network, and especially entrepreneurs, need to find a trust climate which leads to reciprocity to exchange resources (Ingram and Roberts, 2000; Adler & Kwon, 2002). Thus, Ingram and Roberts (2000), show that friendship ties between hotel CEOs leads to information exchanges although they are competitors. In our sample, strength of ties is also a determinant of network belonging satisfaction. Indeed, strong ties, measured as emotional proximity among network members, fosters resource exchange and in particular information circulation. The women entrepreneurs benefit from this access to resource and consequently, make them satisfied.

Presence of cliques creates subgroups which seem to be viewed negatively. Indeed, clique presence creates dissatisfaction. We can interpret this result by this way. Cliques fragment the social structure and limit the resource circulation. Moreover, cliques can ostracize network members whereas the network is supposed to gather everyone. Cliques are, in our survey, counterproductive in terms of resources exchange facilitation. It is a different result from the results of Provan and Sebastian (1998) survey about the benefits of cliques' presence in the network. Certainly, cliques presence have contingent effects.

Distributive justice among network members is a key factor for network belonging satisfaction. There is a real belonging feeling for members because they find a retribution for their contribution. This is a real win/win relationship for everyone.

Another interesting result is the fact that when the level of education is growing, network satisfaction is diminishing. Education can be viewed as an intellectual capital. Consequently, this intellectual capital could be complementary to the resources given by the network which can be viewed as a potential extension of the entrepreneurs' social capital. Actually, the more entrepreneurs have already resources thanks to their education (or their social capital), the more they are dissatisfied by the network outputs because they already have these resources (for instance, advices or expertise).

At the theoretical level, we contribute to explore a new topic with an original sample. Indeed, to our knowledge, satisfaction about formal and professional network was not previously studied. We highlight the role of clique presence inside the network and identify, by comparison to the Provan and Sebastian (1998) survey, the contingent effect of cliques. We also use distributive justice as a key antecedent of network belonging satisfaction.

At the managerial level, our findings can be concretely implemented by network managers. Indeed, women entrepreneurs want to benefit from their networking. Thanks to our survey, managers know how to optimize the network satisfaction to add efficiently new members to the network: create a network environment with no cliques but where members develop strong ties. That means, connecting members' who have similar values or status (Mc Pherson et al. 2001) and common interests, while looking after the absence of cliques.

## **Business Incubators and Sustainable Economic Development: the Stakeholder View**

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Key words: business incubator, board, goals, economic development

Track Title Policy

Paper Title Business Incubators and Sustainable Economic Development: the Stakeholder View

#### Aim of the Paper

Business incubation is a global phenomenon that has three main stakeholder groups – tenants, managers and board members. In Australia most incubators have developed with a heavy reliance on government funding. Board members often include representatives of the government agencies that provide the funding support for the incubator. The aim of this paper is to report on the views of these different business incubator stakeholders in Australia about the achievement of their goals. In particular the goals associated with sustainable economic development will be investigated.

#### Background

(Abetti 2004) reported that business incubators are important vehicles for job creation and regional economic development. The numbers continue to grow with Xu (2010) estimating that there are in excess of 5000 incubators worldwide. Despite this significant and growing number analysts have consistently criticised the lack of research regarding the purposes and nature of business incubators, identifying a need to undertake holistic studies of the initial goals of incubator stakeholders (Bears 1993; Bhabra-Remedios & Cornelius 2003; Bergek & Norman 2008). Incubator stakeholders have been described as the key to sustained development of this sector, with the group being diverse and the motivations promoted to justify their involvement being multifaceted. Albert, Bernasconi and Gaynor (2002).

#### Literature

#### Methodology

In Australia there are 45 registered business incubators. In order to gain an understanding of the sector, interviews were conducted with a range of incubator managers. A survey questionnaire for stakeholders of business incubators was then developed and pilot tested. The questions required responses to the level of satisfaction with a number of possible goals articulated in the literature, the services provided by the incubator and demographics of the respondent and the incubator they were involved with. The questionnaire was forwarded to all of the 45 registered business incubators in Australia for distribution to their stakeholders. A total of 71 useable responses were received and analysed using non-parametric statistical techniques. In addition a correspondence analysis was developed to detect relationships among the three stakeholder groups and a range of goal achievement issues. The analysis was used to develop a derived perceptual map of these relationships.

#### Results and Implications

While there are high levels of uniformity in goal achievement perceptions among all three stakeholder groups with respect to some goals, there are clear differences among business incubator stakeholder groups in their views about some other goals of business incubators. In particular there are statistically significant differences with respect to goals about functions that support sustainable economic development. The correspondence analysis indicates that board members have a focus on broadening the economic base and in particular are keen to promote particular technologies, while tenants have a focus on assistance with local employment. Incubator managers report their most important economic development goal is in helping small businesses to grow through regular graduation of tenants. One goal where managers are significantly at odds with the other stakeholders is in the provision of a financial return on government spending. Managers see this as their foremost goal while the other groups see it as less important. This appears to be a case of managers seeking institutional legitimacy and comfort by adhering to government guidelines.

The implication of these results is that business incubators in Australia do have a focus on economic development but they have not been as successful as they could have because of the divergence of goals among the key stakeholders. This is particularly the case where managers see the need to provide a return to their government funders as a higher priority than sustainable economic development through successful business start-ups that graduate out of business incubators over time. There needs to be better communication among stakeholders to ensure that they all have an agreed view on the strategic direction of the business incubator. Policymakers

need to encourage goal congruence among stakeholders to help to focus incubator activities to be more successful in developing sustainable businesses that support local economic development.

# A Road Map for Regional Institutional Innovations

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Track Title: Innovation

Keyword: university-industry relations, knowledge transfer, innovation, regional economy, KT practices.

## **Aim of Paper**

The aim of this paper is provide regional institutions and stakeholders with a road map for the implementation of Knowledge Transfer practices specifically related to innovation in the context of technology licensing, spin-off creation & entrepreneurship. The implementation can be based on the enhancement of current and functioning regional knowledge transfer practices or the implementation of new practices. The key concept of the research is inter-partner and inter-institutional learning. The research consisted of 11 partner organisations from 6 EU regions which fall within the EU Innovation Scoreboard categories of modest and moderate innovators (Lithuania, Portugal and Romania) and innovation followers and leaders (France, Germany and Ireland). The rationale of adopting a tiered system within the research process was to enhance and explore the exchange of experience and progression between the institutions and the tiered approach enables less favoured regions to learn from institutions in more innovative or successful regions.

## **Background Literature**

Knowledge transfer is recognized as a key tool for boosting innovation and competitiveness (EC, 2007) and the term “knowledge economy” is commonly applied to countries and their economies in which knowledge itself is a critical economic resource (Lundvall and Johnson, 1994). Furthermore knowledge transfer and knowledge sharing between research institutions is becoming more prevalent (EC, 2007) as universities can play a key facilitating role by helping to drive regional economies through enhanced knowledge transfer practices. The aim of the current research is to be more creative and innovative about knowledge transfer within our regions and between regional stakeholders and international stakeholders.

## **Methodology**

The research partners undertook a number of steps. The key first task was to collect data via a survey on policies and practices within each research partner institution. This involved each researcher collecting, interviewing and investigating policies and practices conducted within their own institutions in relation to knowledge transfer, specifically in the context of university and industry relations, technology licensing and spin-off creation and entrepreneurship. The mapping of practices and policies was supported by inter-partner and inter-institutional learning via a number of study visits and in-depth thematic practice and policy seminars.

The core objective was for the institutions to find a means of behaving more innovatively within their region through effective enhancement of policies and practices via inter-institutional and inter-regional learning. However, the complexity was in the selection of what type of practice and what type of action to take and the tracking of improvements within the region through an annual revised implementation plan. Therefore each region had to define where they currently stand (Scenario 0) and the desired improvement they would like to achieve (A Future Scenario). The Scenario 0 was based on the Total Factor Productivity (TFP) analysis of innovation indicators from the EU's Innovation Scoreboard.

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TFP is often seen as the real driver of growth within an economy and studies reveal that whilst labour and investment are important contributors Total-factor productivity is a variable which accounts for effects in total output (GDP) not caused by traditionally measured inputs (i.e. machinery and labour) and represents the degree of technological knowledge and degree of human capital (Baier, S., Dwyer, G, Tamura, R., 2006). For example;

- (i) Technological knowledge corresponds to more efficient production techniques, better institutional and organizational arrangements (i.e., the more efficient use of the current level of inputs and technology).
- (ii) Human capital is obtained when individuals improve their own skills in response to incentives, which increase the aggregate productivity; i.e., the TFP.

In order to define the needs of the region a "Scenario 0" was created which indicated the current innovation stance of the region. The Scenario 0 was based on the Total Factor Productivity (TFP) analysis and innovation indicators from EU's Innovation Scoreboard (EU, 2012). Therefore in general practices and policies which affect positively the Innovation Indicators should be implemented and form the basis of each region's future scenario. The future scenario is the level of improvement desired by each region i.e. Scenario 0 – where we are now, and the Future Scenario – where we want to be.

## Results & Implications

The main result is the improvement of local and regional innovation practices and policies through the development of 6 regional implementation plans. Each institution developed an implementation plan based on the results of the TFP and EU Innovation Scoreboard Indicators. The results from the TFP indicate what practices and policies should be selected and therefore the selection is based on the needs of the region and not the preference of the institution or the skill base of the researcher. The implementation plans will be executed in 2014 which an annual review of progression over a 5 year period. Further results included the development of an online search tool of regional institutional policies and practices<sup>2</sup>. The tool also allows for the submission of regional policies and practices and thus extends the research and its value beyond the current group of researchers and institutions involved. The implications of the research are that researchers and institutions tend to focus and concentrate their energies of what they like to do or what they have the skills or resources for. The combination of experiential based learning and statistical analysis provided a robust framework for identifying which practices and policies which should be addressed by each region and provides a means to understand where regional energies should be directed. Furthermore, it is paramount that the process is transparent and easily adopted and implemented by other regions so that they learn from our experiences and devise and implement their own Scenario 0 and Future Regional Scenario plans.

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Paper Title: **Exploring the Divide between Enterprise Policy and Enterprise Research**

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Key Words: Enterprise policy; research; culture; barriers to communication

Tract Title: Policy

Paper Title: **Exploring the Divide between Enterprise Policy and Enterprise Research**

## **Abstract**

### **Aim of the Paper**

It does appear that much enterprise policy is not working. Although the evidence may still be somewhat patchy, Bridge and O'Neill (2013) nevertheless suggest that: 'It seems reasonable to conclude, from the evidence overall, that the methods so far applied have not worked in that they have not had the effect intended in improving rates of entrepreneurship or levels of business performance.'

If those methods are not working then it must be suspected that they are the wrong methods which in turn raises the question of the extent to which the selection of methods is being informed by enterprise research. This paper suggests that enterprise policy and the methods it uses are not being informed by relevant research because, in practice, there is little meaningful communication between enterprise policy makers and enterprise researchers. Therefore the aim of this paper is to explore this divide and to suggest some of the reasons why it exists – because identifying the nature of the problem is a necessary first step in overcoming it.

### **Background Literature**

There is some literature on the failure of enterprise policy (for instance Bannock, 2005; Bridge, 2010; Bridge and O'Neill, 2013; Greene et al, 2008; Huggins and Williams, 2007; and Norrman and Bager-Sjögren, 2010) – but, while indicating that it has failed, the literature says little about the possible reasons for that failure.

It might seem obvious that policy should be informed by relevant research and therefore that there should be communication between enterprise research and enterprise policy. The benefits of such communication have been pointed out, for instance by Blackburn and Schaper (2012), and it has long been advocated and/or encouraged – examples being encouraging researchers to identify the 'policy implications' arising from their work and inviting policy makers to enterprise conferences which are often proclaimed to be designed for a policy audience as well as for researchers. There are also claims that policy has an 'evidence base' such as that made by the UK's (former) Small Business Service (SBS) when it published *A Government Action Plan for Small Business: The Evidence Base* (SBS, 2004). In its foreword this document indicates that the SBS's aim 'is to ensure that all decisions which affect small business are only taken after reviewing the evidence on what is needed and what actually works – and where the lessons learned in the delivery of products and services are fed back into the further development of policy'. The introduction also states that 'this paper sets out a more detailed analysis of the evidence base underpinning the Action Plan' but Bridge and O'Neill (2013) point out that, 'despite that declaration, it has been argued that the document was mainly a presentation of evidence about the policies that were being followed and that it offered little, if any, evidence for why they should be followed'.

Nevertheless, possibly because of a presumption that it is has been happening, little attention seems to have been given to the issue of communication between research and policy and such communication, or its lack, is rarely mentioned in the literature. Nevertheless one person who has recognised that there is a problem is Gibb (2000) who argues that in this field, 'despite the increase in academic knowledge, indeed perhaps because of it, there has been a growth of ignorance'. There have also been some suggestions for missing dimensions in policy (for instance Dennis, 2011). However, on the whole, there is very little literature which explores the issue of policy-research communication and seeks thus to establish the reasons for the 'ignorance' that may be a significant cause of policy failure.

## Methodology

This paper is based on the author's experience of having at different times worked on each side of the policy research divide. This enables him to identify areas where communication is being hindered or prevented and to describe the factors apparently involved – and this is also supplemented and/or illustrated by references from other sources. From this a number of issues are highlighted and described: issues which, it is suggested, could have the effect of hindering or putting barriers in the way of effective communication.

## Results and Implications

Some observers appear to suggest that this divide is something that could be remedied with a little effort on both sides. However this paper suggests that, despite the apparent rationale for presumptions of easy exchanges, such efforts do not work because of fundamental differences in outlook and culture which create very significant communication barriers.

If that is the case the policy/research divide will not be crossed without a much greater, more deliberate and better focussed effort. In the belief that such an effort would have to start with a recognition of the form and nature of the barriers which together form the divide and which will have to be crossed, reduced or otherwise circumvented if adequate communication is to be established, this paper attempts to describe some of them. They are listed under three headings depending on whether they are the result of issues on the policy side, issues on the research side or issues across both sides. Having then identified the barriers the paper then suggests some consequential conclusions and implications.

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## **The Role and Contribution of Public Venture Capital to Indigenous Firm Growth in the Smaller State**

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Key words: Contribution analysis, Smaller State, Public Venture Capital

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**Track Title: Policy**

**Paper Title: The Role and Contribution of Public Venture Capital to Indigenous Firm Performance in the Smaller State**

**Presentation type: Oral presentation**

**Aim of the paper:** This empirical study evaluates the role and contribution of Public Venture Capital (PVC) to indigenous firm growth in the smaller open state. It employs a theory based evaluation (TBE) methodology – Contribution Analysis (Mayne, 2000, 2008, 2012) – to evaluate whether PVC contributed to indigenous firm value creation and capture.

#### **Background Literature:**

Domestic market size constraints in smaller states are expected to influence the economic growth process in general and indigenous firm performance in particular. The role and contribution of policy-makers in overcoming these constraints can therefore be significant. However controversy arises in *how* the state should assist growing firms beyond creating the right enterprise environment for them (Baumol, 1996; Lerner, 2009; Hart *et al.*, 2009). This paper evaluates the role and contribution of public venture capital - as a significant micro policy instrument - to shareholder value creation in growth-oriented indigenous firms.

How, where, when and why Governments intervene at microeconomic level to assist SMEs largely depends on the prevailing political ideology and historical context of the state in question (Breznitz, 2007, 2008, 2012; Mason & Brown, 2011). When policy-makers intervene at the micro level they attempt to pick or make winners, or at least attempt to avoid picking losers (Carr, 2000). Targeting is seen as an attractive public policy approach when viewed from the 'perceived need', 'additionality' or 'value for money' perspectives (Bennett, 2012). However Dobbs and Hamilton (2007) remind us that firm growth is 'idiosyncratic' and depends on 'context specific variables' whilst Coad (2009) notes that empirical findings on firm growth so far have shown it to be 'almost random' in nature and thus highly unpredictable. Policy makers can apparently justify very few elements of micro – level policies based on the available empirical evidence. This point is re-affirmed by Bannock (2005), Davidsson (2008), Bridge *et al.* (2009) and Bill *et al.* (2009) in their respective analyses. Storey & Greene (2010) reiterating that, despite the myriad micro-level instruments in use, the quality of impact evaluation is generally inadequate or non-existent.

Storey and Greene (2010) further contend that, at the very least, a robust monitoring and evaluation process should be enacted to evaluate the impact of the intervention and to facilitate policy learning. Attempting to evaluate the effects of programmes is complex and difficult as there are myriad influences on and determinants of the performance of an SME - other than that of programme participation. In essence, only when all known factors are controlled for can the impact of the programme be isolated and accurately estimated. This is defined as the *true* impact of the scheme/programme or the additionality of the programme. Theoretically this makes sense and whilst this additionality is not always easy to quantify, it is likely to be reflected in a measure such as additional output, or growth in employment or growth in sales, exports, profits or assets that can be *attributed* to the existence of the policy. In other words activity that would not have taken place without the policy programme but is attributable to the firm participating in the programme. However in many 'real-world' business situations a reliable counterfactual simply cannot be established and therefore the additionality of a programme cannot be accurately established.

In these non-experimental situations - where the counterfactuals cannot be reliably established - or where it is not possible to construct satisfactory control groups due to data quality or access issues then theory-based impact evaluation (TBIE) approaches are the most pragmatic alternative (Weiss, 1998; Stame, 2004; Carvalho & White, 2004; Rogers, 2007; White, 2009; Funnell & Rogers, 2011). The Network of Networks on Impact Evaluation (NONIE) explains the benefits of theory based impact evaluation as follows:

The application of the theory-based approach implies that a well designed impact evaluation covers both process and impact evaluation questions. Policy relevance is thus enhanced as the study can address questions of why – or why not – an intervention had the intended impact, not just whether it did. (White, 2009:p.3)

Thus TBIE examines the underlying assumptions of the causal chain from inputs to outcomes in a particular programme or policy. The 'theory' in TBIE therefore refers to the underlying theory behind the intervention programme. TBIE provides a logical framework for analysis within which both quantitative and qualitative techniques can be used to evaluate the impact of the intervention. Despite its undoubted acceptance in principle by the evaluation research community, White (2009) notes that few studies to date appear to meet the promise of the approach in practice.

One theory-based evaluation approach which appears to be gaining credence is 'Contribution analysis'. This is an iterative analytic technique which looks at the 'theory of change' proposed by the policy instrument under analysis. It takes the available evidence assembled in empirical analysis and conducts a meta-analysis to answer – as definitively as possible – the research questions posed and objectives set at the outset of the study. It was developed whilst the originator was considering what could be said about causality of an intervention when only monitoring data was available (Mayne, 2012). What distinguishes Contribution Analysis from other theory-based approaches in evaluation is its more systematic approach to arriving at credible causal claims. Mayne (2012) notes:

From an evaluation perspective, the issue was what could be done to make credible causal claims in the absence of experimental approaches. Many evaluations seemed either to be silent on causality or, perhaps worse, made causal claims based solely on the views of interviewees (p.271).

The desired outcome articulated by Mayne is similar to both Storey's (2000) and the OECD's (2008) approach to the impact assessment outcome. However Mayne is more pragmatic in recognizing the limitations on data availability to the independent researcher. The practical difficulties in creating credible counterfactuals and estimating 'additionality' is also recognised. Mayne's approach therefore considers a more nuanced burden of proof by looking at *contribution* rather than *attribution*. The aim of the analysis is to reduce uncertainty about the 'contribution' that the intervention is making to observed results through an increased understanding of why results did or did not occur and the roles played by the intervention and other influencing factors. In sum the analysis either confirms the postulated 'theory of change' or suggests revisions to the theory where results prove otherwise. Mayne (2012) notes that a 'contribution analysis' will rarely provide definitive proof. Causality is provided in probabilistic terms. The six stage process is an iterative process which builds a chain of evidence and argument to get to a conclusive situation where 'plausible association' does or does not exist (Hendricks, 1996). Contribution analysis's six stage process can be tailored for specific policies or programmes in differing domains (See: Delahais & Toulemonde, 2012; Wimbush *et al.*, 2012; Lemire *et al.*, 2012).

For 'Contribution Analysis' scholars then *contribution* is defined as:

In light of the multiple factors influencing a result, has the intervention made a noticeable contribution to an observed result and in what way? (Mayne, 2012: p.273)

Thus the contribution of policy instruments to firm performance can be evaluated – taking account of the myriad influencing and determining factors present – irrespective of the quality of data and the access afforded to the researcher.

This study is unique in that the contribution of this type of state intervention to firm performance has not been empirically evaluated in Ireland before. However theory based evaluation (TBE) and 'logic models' are beginning to gain credence in the evaluation literature in Ireland. For example, Lynch *et al.* (2009) propose a logic model for 'business networks'. This has not been empirically tested as yet. Lenihan (2011) also proposes a logic model approach for evaluating 'enterprise policy' based on the Lynch *et al.* approach. This also remains to be empirically tested.

**Methodology:** Contribution Analysis. This is a meta-analytic research technique which integrates the results of a logistic regression analysis, case analysis, cross-case analysis and documentary analysis to evaluate the role and contribution of Public venture capital (PVC) to indigenous firm performance. The triangulation of data (Datta, 1997) from the mixed methods (Bryman, 2006) research approach employed in the study allows key inferences to be drawn on the contribution of public venture capital to the 'scaling up' of growth-orientated indigenous firms in the smaller state.

**Results & Implications:** The 'Contribution analysis' shows that the primary rationale for the PVC policy – to close the perceived equity gap for growth-oriented firms – did not hold in the analysis period. PVC was found to make only a marginal contribution at best to firm performance in the analysis period.

# **Sustainable Operations Management and Benchmarking in Brewing**

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## **Keywords:**

Sustainability, Operations, Brewery, Brewing, Benchmarking, Conservation

**Track Title:** Sustainability

**Paper Title:** Sustainable Operations Management and Benchmarking in Brewing

### **Aim of the Paper**

Commercial breweries use a great deal of water and energy to convert one gallon of water into one gallon of beer. An analysis was conducted on sustainable operations and supply chain management at various international breweries to benchmark brewery performance and establish common metrics for sustainability in the beer supply chain.

### **Background Literature**

Many breweries issue corporate and environmental sustainability reports. These reports and scholarly articles on the subject have been reviewed to determine the current state of the brewing industry and best in class breweries. Thomas and Rahman review various wastes and strategies for sustainability in breweries in their work from Aspect of Applied Biology (Thomas & Rahman, 2006). One specific brewery commonly referenced, New Belgium Brewery, has been profiled by authors including (Hirshberg, 2008) and (McCorry, 2011). New Belgium was specifically noted as being a leader in sustainable brewing. Gary Hirschberg, CEO of Stonyfield Farms and an eco-entrepreneurial pioneer, has said that Jeff Lebesch, New Belgium's co-founder "...worked harder than anybody else in the brewing industry to achieve true carbon reduction and sustainability... (Hirshberg, 2008)." While New Belgium spends a great deal of time and effort on environmental sustainability, they also consider economic and social sustainability. Improvements in sustainable production processes are documented as well, including topics such as biological treatment (Driessen & Vereijken, 2003); wastewater reuse for electricity production (Wen, et al., 2010); and yeast processing systems (Mensour, et al., 1997).

### **Methodology**

One of the objectives of this paper is to analyze the environmental and corporate sustainability reports and practices of various breweries. The following breweries have been reviewed: New Belgium, Anheuser Busch (AB-InBev), MillerCoors, Woodchuck Cidery, Heineken, Sierra Nevada, and Guinness (Diageo). This a cross sectional sample of large international breweries and smaller "micro" or "craft" breweries. A scoring system has been devised for four of these breweries to compare their performance to establish baseline benchmarks for the industry. Some of the activities and organizations supporting and encouraging sustainability include:

- The Beverage Industry Environmental Roundtable (BIER)
- United Nations Global Compact CEO Water Mandate
- U.S Environmental Protection Agency's (EPA) Climate Leaders
- Regional EPA partnerships

This paper shall outline criteria breweries should use to establish sustainability scores in terms of social responsibility and environmental responsibility. This includes greenhouse gas (GHG) emissions, water conservation and reuse, energy consumption, energy intensity, and waste diversion rates.

### **Results and Implications**

New Belgium, Heineken, AB-InBev, and Sierra Nevada were evaluated to determine scores for best in class for sustainability in the brewing industry. A reporting of the scores and the implications of these findings provides an indication of what breweries should focus energies on and industry best practices. This analysis provides a quantitative analysis comparing the breweries based on reported data and information extending upon previous qualitative research.

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## **Assessing the Performance of RBSOs. Survival through Slow Growth Patterns**

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Keywords: research based spin-offs; performance; entrepreneurship

## **Track: Firm Performance**

### **Assessing the Performance of RBSOs. Survival through Slow-Growth Patterns**

#### **Aim**

In spite of the importance acknowledged by national and local governments to research-based spin offs (RBSOs) as a mechanism for technology transfer, the analysis of their performance don't allow a unambiguous opinion of their actual role as drivers for local economic development.

Several previous studies have demonstrated that RBSOs show high survival but slow growth rates, identifying the key factors affecting these "low performance slow growth" patterns. Grounded on this mainstream, our paper aims at getting a better understanding of these patterns, focusing on the role of the so-called hybrid entrepreneurship as a basic feature affecting their ability to survive in spite of their low performance.

This paper provide a detailed analysis of the RBSOs based in the Liguria Region, North West Italy, where the innovation ecosystem bears some interesting features. The region hosts a university with a reputable tradition in engineering and biomedical research, CNR departments, IIT departments, as well as a sound presence of medium and large technology-based firms, operating within Finmeccanica, one of the largest Italian industrial groups. However, these firms' performances seem to follow the "low performance slow growth" general trend.

By offering a detailed picture based on the analysis of the their performances, strategic resources and entrepreneurial profiles, our paper aims to provide evidence of this common trend and a deeper insight into this kind of "low performance sustainability". It also investigates the conditions under which these firms can survive but do not thrive.

#### **Theoretical Background**

Creating spin off companies as a useful mechanism for transferring knowledge and technologies from public research organizations to the private-industrial sector has become a common policy. Following the US experience, throughout the world many national and local governments as well as public research institutions (PRIs) have implemented policies to promote the creation and to sustain the development of spin off companies, thus revealing a shift in the culture and mission of public research organizations toward an entrepreneurial paradigm (Bozeman 2000; Etzkowitz 2003; Mustar-Wright-Clarysse 2008; Mustar-Wright, 2010).

However, empirical studies in different European contexts have shown that the performances of the worldwide known case studies such as Hewlett-Packard, Xerox, Cisco Systems, Genentech is quite hard to replicate. Even if their survival rate is generally high (Pressman 2002; Mustar 1997), it has been outlined that within different European countries the majority of these RBSOs remain very small or grow slowly (Mustar-Wright-Clarysse 2008). More specifically Lerner (2005) shows that the size of spin offs, their growth rates, revenues and product generation are quite modest in the first ten years. Moreover, Shane (2004) argues that the employment impact tends to be local, as most spin offs are based closed to the institution from which they originate. Even in a favourable context such as the Oxfordshire one (Lawton Smith, Ho, 2006), where the rate of new spin offs has increased rapidly over the last decade of 20th century, none of the surviving companies have grown as much as the companies originated in Stanford University (US). This trend has been confirmed by recent studies on Italian RBSOs (Conti et al., 2011; Iacobucci et al., 2011).

Looking for convincing explanations of these "low performance" patterns, a growing literature has been developed from different theoretical perspectives (for a thorough analysis see: Mustar, Renault et al., 2006). More specifically, adopting a resource-based perspective, some studies demonstrate that in a university spin off - that is by definition resource limited - the task of the entrepreneur should be to identify, acquire and integrate resources to create strategic assets and internal capabilities, which eventually enable the venture to generate sufficient revenues and compete effectively (Vohora et al. 2004; De Coster and Butler, 2005). Though RBSOs may have some potential competitive advantage based upon the research expertise of the entrepreneur and his/her position within a wide network of innovators, these expertise are rarely accompanied by the necessary complementary resources and managerial capabilities and backed by adequate financial resources, so that growth opportunities are constrained (Heirman and Clarysse, 2004). Other studies underline that when an academic(s) retains his/her university position, but holds a directorship, membership of the scientific advisory board or other part time position within the company, we face a hybrid kind of entrepreneurship (Nicolau-Birley, 2003), which may have negative impact on performances and growth (Conti et al. 2011; Iacobucci 2011).

Given the controversial nature of RBSOs, in our research work RBSOs are those new firms which have at least two key features: first, a PRI's employee has undertaken a partial or complete employment transition from the not-for-profit to the private sector; second, the newly established firm is based mainly on the research results generated by its founder during his/her activity at the parent organization (Czarnitzki, Rammer, Toole, 2013).

## Methodology

Started in May 2013, our research has been developed through a three step process: (1) list the technology-based firms, originated from Public Research Institutes (PRIs) based in Liguria, that meet our criteria to provide for a less ambiguous definition, (2) collect the main balance sheet data in order to assess each firm performance, scale and growth pattern; (3) process and analyse a specific questionnaire in order to put to the fore the different business models and entrepreneurial profiles of each firms.

Step 1. As there are no official records of RBSOs, the next task was to identify all possible spin-offs from the PRIs based in Liguria. Information was gathered through direct interviews with Technology Transfer Offices (TTO) of PRIs based in Liguria (e.g. University of Genoa, National Resource Council, Italian Institute of Technology); attending meetings both at a local incubator and at focus groups level within high-tech professional communities; web reviews – i.e. browsing company web pages. 49 research-based spin-offs were identified as of December 31st, 2013.

Step 2. The next task was to assess scale, performance and growth patterns of the samples. The main database used was AIDA<sup>1</sup> (Bureau van Dijk), which contains detailed profiles of public and private companies and their financial figures. In order to monitor change over time, the main balance sheet data were collected for each year dating back to 2003 and up to and including 2012 - i.e. a span of time that offers the most complete information available. Since in the research corpus there are firms set up before 2003, the missing data were collected thanks to a secondary source, the Genoa Chamber of Commerce. Descriptive statistics, frequency distributions and growth rates, will be used in order to describe all the firms and to highlight heterogeneities in terms of scale, profitability and growth pattern.

Step 3. Finally, in order to investigate qualitative aspects, as well as entrepreneurial profiles and business models, a questionnaire was also implemented.

## Results and implications

Preliminary results show that the RBSOs in Italy's Liguria Region tend to survive, but their growth rate is quite small; in a few cases, we observe an acceleration in the growth process, even if that happens long time after their set up. These results are consistent with previous national and international studies (Mustar, 1997; Smith & Ho, 2006; Iacobucci et al, 2011).

Moreover, our study will investigate the key features affecting both their "low performance slow growth" pattern and their survival over the time despite this trend, with particular regards to the role of hybrid entrepreneurship.

Our results may have some implications for research, policy makers and PRIs. A better understanding of the RBSOs weaknesses and constraints is of paramount importance in order to identify the most adequate measures to remove them. This will let PRIs as well as national and local government to promote better policies. What becomes clear is that enhancing the capabilities of PRIs in creating new firms maybe a good policy, but "spinning out new companies is not a *quick fix*" for government development strategies" (Lawton Smith, Ho, 2006). Better results for the economy and society could be achieved through more selective government funding and services support.

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<sup>1</sup> AIDA is a database created by the Bureau Van Dijk ([www.bvdinfo.com](http://www.bvdinfo.com)), which stores the contact and economic data of more than 950,000 Italian enterprises.

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**Track Title:** Gender OR Family Business

**Passing the Marshall's Baton: A Narrative Analysis of Masculinity in  
Family Business Succession**

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**Key Words:** Gender; Succession; Family Business; Masculinity; Narrative Analysis

**Abstract:**

**Aim of the Paper:** This paper draws on gender theorizing to lend new insights into family business succession. We show how a broadened conceptualization of gender relations and their effects can help explain issues of conflict and collaboration in family business succession. We specifically address the dynamics of masculinity and how these manifest in the handover of the family business from one generation to the next.

**Background Literature:**

While previous studies have focused on the different experiences of men and women in family business succession (and the subsequent subordination of daughters), researchers tend to use stereotypical role based views of men and women and base their research on assumed essentialist sex differences (Hamilton, 2006; 2013; Ahl, 2006). Some researchers have investigated the role of patriarchal systems of power and privilege in contributing to gender inequality in family business (Curimbaba, 2003; Danes & Olson, 2003; Duxbury et al., 1994; Mulholland, 2003; Hamilton, 2006, 2013). Indeed extant literature in family business studies 'gender' very much from a women's point of view. However, gender relations affect both men and women. No studies to date, to our knowledge, have addressed how male family business members are impacted by gender relations. One useful theoretical point of reference here is the research which has been done on masculinity.

In the 1980s and 90s, Connell theorized the existence of different forms of masculinity and femininity i.e. different ways of being a man or a woman. These plural gender identities are framed in relation to *hegemonic masculinity*, which constitutes the 'most widely accepted form of being a man in any given society' (Bradley, 2007, p47). These identities can change in time and place. Indeed, certain forms of masculinity and modes of behaviors are privileged in contemporary organizations (Broadbridge and Simpson, 2011). Collinson and Hearn (1994) highlight the interrelationships of gendered power and multiple masculinities with a whole variety of organizational roles, relations, processes and practices. They outline five discourses of masculinity found in organizations - authoritarianism; paternalism; entrepreneurialism; informalism and careerism - and suggest that management researchers pay more attention to the manifestation of these different masculine identities in the workplace. Understanding

these multiple masculinities can help shed light on issues pertinent to management succession (Collinson and Hearn, 1994). In our research, we use Collinson and Hearn's typology to further explore collaborative and conflictual relations between predecessors and their successors in family business.

### **Methodology:**

Given our interests and research question in this paper, we adopted an interpretive research epistemology and case study research method (Myers, 2013) which draws on 10 semi-structured interviews of family business members in 5 French family firms. An interpretive approach was appropriate because individuals socially construct (Berger & Luckmann, 1967) the reality of succession. We apply case study research in that we explore the phenomenon of 'succession' in the family business context and investigate how and why family business members 'see the world the way they do' (Myers, 2013, p80).

Study of personal narrative is a form of case centered research (Mishler, 1999). We position our participants' accounts of succession in these semi-structured interviews as 'personal narratives' in that they involve "large sections of talk and interview exchanges - extended accounts of lives that develop over the course of interviews" (Reissman, 2000). We employ narrative analysis to analyze their accounts of succession in their family business. Narrative analysis (NA) 'examines the informants' story and analyzes how it is put together, the linguistic and cultural resources it draws on' (Reissman, 1993, p2). NA is particularly suited to our research question in that it gives prominence to human agency and imagination, thus making it well suited to studies of subjectivity and identity and helps us 'to see how events have been constructed by active subjects' (Reissman, 1993, p70).

We adopt a thematic approach to analysis whereby data are interpreted in light of thematics developed by the researcher. These thematics were influenced by our 1) knowledge of prior and emergent theory (in particular Collinson and Hearn's 1994 typology), 2) the concrete purpose of our investigation (research question – how do multiple masculinities impact the succession process?) and 3) the data themselves (Reissman, 2008). The thematic approach is useful for theorizing across a number of cases – finding common thematic elements across research participants and the events they report (Reissman, 2003)

### **Results and Implications:**

Our family members' narratives reveal interesting insights into the dynamics of multiple masculinities and how they impact the succession process. Our predecessors evoke a strong paternalist discourse which advocates protective practices for women and 'lesser males', where these individuals are considered too 'delicate' and 'precious' to be involved in the 'harsh' world of business (Collinson and Hearn, 1994). The coherence between the predecessor's (gendered) construction of successor and succession and the potential successors gender 'identity' can be used to explain daughter exclusion but also the process of choosing between same sex siblings.

Tense relationships between male family business members across the generations can be explained by conflicting identities of authoritarianism, paternalism and entrepreneurialism. Our generation of successors' exhibited strong entrepreneurial and careerist discourses, which sometimes clashed with the more value and tradition oriented predecessor. Collaborative relationships between predecessor and successors were characterized by a closer alignment of masculine identities.

In this study, we take the novel approach of integrating theory on masculinity into the family business literature. We also adopt narrative analysis as an appropriate methodological method to lend rich insight into family business and gender dynamics. In doing so, we demonstrate how 1) gender patterns the choice of suitable successor 2) certain forms of masculinity are privileged in family business and 3) coherent alignment of predecessor and successors masculine identities can impact a successor's integration. From a research perspective, we reveal the power of narrative analysis and gender theorizing for building new insights into family business succession. From a practitioner perspective, we outline the benefits of considering changing gendered identities among different generations in family business and the implications for counselling and mentoring.



WORLD  
CONFERENCE ON  
ENTREPRENEURSHIP



**Track: innovation****Title: Determinants of territorial differences in entrepreneurial rates. An empirical analysis of Italian local systems**

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Key words: Entrepreneurship; entrepreneurial rates; path dependence; local production systems

**Aim of the paper**

Italy is characterized by large territorial differences in entrepreneurial rates. This paper aims to provide a better understanding of the factors affecting these differences and their persistence over time. Specifically, it compares the relative importance of socio-demographics factors such as types of activities and social capital, and economic factors such as the structure and organization of local production systems. The persistence of territorial differences may depend on the persistence of differences in the explanatory variables or path dependent effects.

**Background literature**

The scientific debate on this issue has shown that willingness and ability of individuals to identify and implement new business opportunities depend on a number of personal, social and economic factors. From a macroeconomic perspective, the ability of a country to support entrepreneurship is determined by the overall institutional context, while at a micro level the likelihood of a person becoming an entrepreneur is influenced by the local context and by individual variables that determine the entrepreneur's response to entrepreneurial push or pull factors. A strand of literature emphasized the "pull" factors that foster entrepreneurial carrier and considers this as a process generated by expectations of extra profits and obstructed by barriers to entry such as scale economies, investment costs and industry specific sunk costs, i.e. innovation and advertising expenditures (Acs & Audretsch, 1989). Another pull side factor is the job satisfaction defined as a positive emotional state resulting from the appraisal of job experiences. These studies show that the potential entrepreneur is influenced by psychological attitudes such as the need for autonomy, the strong desire to be independent, the ambition to exploit previous experiences or acquired abilities, the desire to acquire a better social status.

The second strand of literature focuses on the "push factors" which can be linked to the personal characteristics of entrepreneurs such as age, education, individual motivations and the environmental characteristics of potential founders (Audretsch & Vivarelli, 1996, P. Reynolds et al., 2005). The literature that examined entrepreneurial rates at local level has combined push and pull factors to explain the differences in entrepreneurial rates across local systems.

Many empirical studies follow an 'eclectic' approach by pooling pull and push factors in explaining territorial differences in entrepreneurial rates.

Despite the abundance of empirical studies on the determinants of entrepreneurial rates at local level, there are still a number of open research questions, most of them at a methodological level. Given the persistence of entrepreneurial rates at local level (Fritsch & Mueller, 2007) it is better to concentrate the analysis on time variations rather than their levels. Moreover, factors affecting time variations are better captured considering long periods of time (5 to 10 years), while most empirical studies use cross-section data. Moreover, the persistence of territorial differences may depend on the persistence of differences in explanatory variable or by a path dependent effect that determine a different influence of the same variables across different areas.

**Methodology**

The empirical analysis considers the creation of new firms in Italy in the period 2001 to 2009, using the Movimprese database provided by the Italian Chambers of Commerce, which provides information on new firm foundation at the territorial level (103 provinces) disaggregated by sector of activity. Using the adult population as the normalizing variable, the entrepreneurship rate is defined as the ratio of total number of new firms in a year, on the adult population at the beginning of the year. We consider entrepreneurial rates referring to the service sectors and the manufacturing industry. We use different econometric techniques to separate the impact of explanatory variables from path dependent effects.

**Results and implication**

The main aim of this paper is to analyse the factors affecting the territorial differences in entrepreneurial rates in Italy. The first result is that the territorial differences of entrepreneurial rates show a strong

persistence over time: provinces with high entry-rates in the past are most likely to have high level of start-up activity in the future. This is true most of all for the new firms in manufacturing sectors where the factors linked to the social and economic context are important and stable over time. The provinces of North-Eastern and Central regions are a strong tradition in manufacturing and characterized by the relevant presence of small firms organized in specialized clusters (industrial districts). Besides the structural differences between provinces, the persistence observed in entrepreneurial rates can be explained as a result of path dependence processes in entrepreneurial dynamics: the entrepreneurial rate decreases in Italy in the period considered but in the province with high level of manufacturing firms the fall is less relevant.

The results using a pooled OLS model are in general accordance with expectations. The unemployment rate positively influences the probability to start a new business when considering the total entrepreneurial rate; however, it is not significant for the manufacturing sector. An increase of GDP positively affects the overall entrepreneurial dynamics, while entrepreneurial rates in the manufacturing sector is mostly affected by the economic structure of the province.

The regression results of panel estimations with time invariant variables confirm the above mentioned results with the exception of agglomeration effects: the probability to start a new business is negatively linked with the population density.

The main result of the empirical analysis is that socio-demographic factors show a higher relevance in explaining territorial differences in entrepreneurial rates. This is valid for the total entrepreneurial rate as well as for explaining new firm formation in manufacturing sectors.

# Family Resources and Entrepreneurial Intention in Hospitality and Tourism Industry

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**Keywords:** Social Entrepreneurship, Social Goal, Tourism and Hospitality Management, Entrepreneurial intention, Family Resources

## Track title: Sustainability

### Paper title: Family Resources and Entrepreneurial Intention in Hospitality and Tourism Industry

#### Aim of the Paper

Social entrepreneurs provide diverse and significant contributions to their communities, adopting business models to offer creative solutions to complex and persistent social problems (Zahra, Gedajlovic, Neubam & Shulman, 2009). The important role of social entrepreneurial dynamics and processes also pertains the case of Tourism and Hospitality industry, despite the lack of studies in the field (Li, 2008). In this industry, due to the social embeddedness of most business initiatives, social entrepreneurship plays a growing role, as it is proven by phenomena like the Ecotourism (e.g., Cho, 2006).

Resources, processes, and goal emerge from literature as qualifying elements of social entrepreneurship (Dacin, Dacin & Matear, 2010). Based on this, the aim of the study is to investigate the *process* of social entrepreneurship in its early stage in hospitality and tourism industry. In particular we question whether the pool of *family resources* available to the individual may foster a social goal in his/her entrepreneurial intention; and whether such social goal is in turn conducive to higher entrepreneurial intention. By so doing we frame entrepreneurship as a way to accomplish social aims, and recognize the family as the context where social entrepreneurship can emerge.

#### Background Literature

Social entrepreneurship is defined as innovative, social value creating activity that can occur within or across the nonprofit, government, or business sectors (Austin, Stevenson & Wei-Skillern, 2006). It involves the recognition, evaluation, and exploitation of opportunities that result in social value (Certo & Miller, 2008). In the business sector, in particular, social entrepreneurship entails combining commercial enterprises with social impacts or goals (Simón-Moya, Revuelto-Taboada & Ribeiro-Soriano, 2012). In this perspective, entrepreneurs use business skills and knowledge to create firms that accomplish social purposes, and simultaneously are commercially viable (Alvord, Brown & Letts, 2004). For example, social entrepreneurs are often lead by their passion to meet the needs of a population (Bornstein, 2004), or by their personal values (Hemingway, 2005), charisma (Roper & Cheney, 2005), and leadership skills (Thompson, Alvy & Lees, 2000). In this context, the study builds on the growing stream of entrepreneurial intention (Kautonen, Gelderen & Fink, 2013). As starting a firm is regarded as intentionally planned behavior, intention models are commonly applied in entrepreneurship research (Krueger, Reilly & Carsud, 2000). Social entrepreneurship opportunities are embedded in a social or community context (Robinson, 2006); in the particular case of hospitality and tourism, entrepreneurs especially rely on the family context (Getz & Petersen, 2005), as they may gain unique relationships with network partners, grow in a more cohesive environment, and have a deeper experience in the industry (Davidsson & Honig, 2003). Understanding the effect of family resource pool on entrepreneurial intention meets recent call for investigation (Sieger & Minola, 2012); embracing human and social capital literatures is in fact expected to improve and extend intention-based models (Hindle, Klyver & Jennings, 2009) of entrepreneurship. This might be particularly appropriate in the field of hospitality and tourism. In addition, a novelty of this study is the investigation of the mediating role of social goals.

Therefore, we mainly rely on the model shown in Figure 1, where we want to study the impact of family resources on the degree of entrepreneurial intention, mediated by social goal.

Figure 1. The proposed model



#### Methodology

To achieve this purpose, we rely on data collected through the GUESSS Survey (cf. Zellweger, Sieger & Halter, 2011), an international research project that investigates the entrepreneurial dynamics from a global population of university students. In particular we select observations from 2,923 individuals who declare to have an entrepreneurial intention in hospitality and tourism industry. A regression analysis is then performed to test the hypotheses.

#### Results and Implications

Results support a positive and significant effect of family social capital (both bonding and bridging) and family human capital on the degree of entrepreneurial intention; moreover, having a social goal is positively and significantly conducive to higher intention to create a new venture. Since social goal partially mediates the relationship between the bundle of family resources and entrepreneurial intention, we find empirical confirmation to our hypothesized model. The model also yields non-significant effect of family financial capital.

This study contributes to both entrepreneurship and hospitality literatures. First, the effect of having a social goal on the degree of entrepreneurial intention is interesting to entrepreneurship scholars in the hospitality and tourism industry, as it helps understanding the field with a focus on social entrepreneurship. Second, the effect of family resources in the generation of a social goal is also highly considerable; indeed, especially when family members have grown up within an entrepreneurial family, it is likely that they have broad interests that may include social and environmental benefits for their local community (Chell, 2007). Finally, we provide a relevant contribution to entrepreneurship, by clarifying the effect of family resources on the degree of entrepreneurial intention (Kalnins & Chung, 2006; Hsu, Liu & Huang, 2012) and showing how this is mediated by social goals in the hospitality and tourism industry.

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**Track:** Firm Performance and or Small Business Management

**Title:** A Study on the success or failure of SME's in Puerto Rico, United States, Croatia, Chile and Singapore

### **Aim of the paper**

The present study aims to research the success or failure of SMES in Puerto Rico using the Lussier model developed in the USA in 1995 and comparing the results with those countries that previously used the model.

**Key words:** success/failure model, SME's, Puerto Rico, The Lussier Model, small business firm performance

### **Background literature**

In the United States (USA), Europe and Japan, more than 98% of the businesses are small and medium-sized, (SMEs) employ more than 50% of the labor force, producing nearly 50% of the gross domestic product and create more than 2/3 of the new jobs, (Cullen & Parboteeah, 2005). Although its contribution is obvious there is no consensus on the factors that lead a company to be successful or avoid failure.

The present study aims to research the success or failure of SMES in Puerto Rico using the Lussier model developed in the USA in 1995 and comparing the results with those countries that previously used the model. The model considers 15 key factors in the success or failure of SMES, (Lussier, 1995).

The model has been tested in four countries, USA, Singapore, Chile, Croatia, and has demonstrated its ability to predict success or failure in SMES, (Lussier, 1995; Teng et al., 2011; Lussier and Halabi, 2010; Lussier and Pfeifer, 2001). In order to generate a consensus researchers have begun to test in other parts of the world.

There are previous studies on success in other countries, for example, Jordan (Al-Mahrouq , 2010), Colombia (Franco-Angel & Urbano-Pulido , 2010), Pakistan (Coy et al. , 2007; Hussain et al. , 2010), Syria (Alasadi & Abdelreahim, 2008), to name a few; on failure in, Mexico (Navarrete & Sansores, 2011), Uganda (Tushabomwe-Kazooba , 2006), Portugal (Franco & Haase, 2010); on the success/failure prediction capabilities of Lussier work in Chile (Lussier & Halabi, 2010, 2008; Halabi & Lussier , 2010).

The importance of SMEs in the economy has led many scholars to study the firm performance of these companies to determine the factors that lead them to success or failure. In spite of that, there is no universal way to measure success, the most common measures have been the participation in the market, the sales volume and the prestige or image of the company (Foley & Green, quoted in Chittithaworn et al., 2011). Luk (1996), on the other hand, indicates that these measures are appropriate for large companies, but not for SME's

In Puerto Rico, the SME sector is composed of 45,549 registered establishments, according to data from the Small Business Administration 2011 (SBA). These SMEs employ around 702,063 people, which represent a 73% of the country's labor force. The importance of SMEs in the context of Puerto Rico prompts one to investigate the factors that lead to the success or failure, since that allows to provide guidance on specific topics to the deploying public policy (Lussier & Pfeifer, 2001; Lussier & Halabi, 2010) and because it has broad global applications of the Lussier model, as suggested by the researchers of this subject.

The objectives of this research are the following: To examine the factors related to the success or failure of SMEs, using the variables of Lussier model in order to evaluate this model with the data of Puerto Rico; identify the variables that most impact the success or failure between the owners of SMEs, to determine the predictive power of the model; and compare the results of classification of the model with that of other countries.

The research questions are as follows: First, what is the estimated value of Lussier model for Puerto Rico's data? Second, is the Lussier predictor model capable of predicting success or failure in the SME sector in Puerto Rico? And third, what is Puerto Rico classification model rate in comparison with other countries?

## Methodology

For this study, the Lussier model that has been used in the US, Croatia, Chile and Singapore was selected. The independent variables were grouped into three categories, according to the research on success or failure (Indarti & Langenberg, 2004; Justo, 2007; Munikrishnan & Veerakumaran, 2012): (1) the characteristics of the owner, (2) the characteristics of the SME and (3) the economic cycle in the success or failure of the company. The dependent variable on the performance of the SMES was measured by the perception of the owner on the level of net profit of the industrial sector to which the respondents belong.

The survey used was developed from the integration and adaptation of the questionnaires used in Lussier and Pfeifer (2001), Halabi and Lussier (2010) and Teng et al., (2011). The questionnaire consists of 31 questions. Table 1 summarizes the independent variables of the model.

First, to answer the initial question of the investigation, regarding which is the estimate of the Lussier model with Puerto Rico data, a logistic regression model was used. Second, to answer question number two of the research, regarding the ability of the Lussier model to predict success or failure, the values obtained by the SME participants in the equation were added in order to corroborate how well the model classifies them as success or failure. And third, the results were compared for the classification of the model with those of other countries.

The sample is composed of SMEs with operations in Puerto Rico, companies with 500 or fewer employees. A non-probabilistic sample was used for convenience in compliance with the characteristics of the research, (Hernandez Sampieri et al., 2010). This study also included were names of entrepreneurs from Book of List of Caribbean Business, the Chamber of Commerce of Puerto Rico (CCPR), the Chamber of Commerce of the South (CCS) and Puerto Rico Small Business and Technology Development Center (PRSBTDC). In total, 197 companies participated in the study. Of the 197, 17 were discarded due to an incomplete questionnaire, leaving 180 questionnaires useful.

In order to group the data in accordance with the dependent variable, profitability, we used the response to question 21. The response was measured using a Likert scale of 5 points; those with answer number 3 were removed from the sample since they do not represent neither success nor failure, (Lussier & Halabi, 2010; Lussier & Pfeifer, 2001). The 39 companies that answer 3 in that question were eliminated. The final survey sample was 141 companies, 61 classified as successful and 80 as a failure.

## Results and implications

This study adds the fifth country used in the Lussier model to predict success or failure in another region of the world testing their ability to predict and classify the companies in the respective groups of success or failure. The model equation for Puerto Rico (Q1) is as follows:  $Y = -1.358 - 0.273\beta_1 + 0.092\beta_2 - 0.264\beta_3 + 1.652\beta_4 - 0.017\beta_5 - 0.006\beta_6 + 0.088\beta_7 - 0.148\beta_8 - 0.205\beta_9 - 0.223\beta_{10} + 0.246\beta_{11} + 0.420\beta_{12} + 0.055\beta_{13} + 0.448\beta_{14} + 1.512\beta_{16} + 0.156\beta_{17}$ . The results of the logistic regression model are shown in table 2 in appendix A. If local companies take into consideration, at the time of starting a business, the variables in the model previously mentioned in the table 1, are increasing the chances of being a successful business than those that did not take them into account.

To answer the question 2 (Q2) on the model's ability to predict success or failure, the results showed that the model can predict successfully that a company is correctly classified in a 71.6 %. The most significant variables of the model were ethnic origin (minority), age, partner and product type (old or well-known).

To answer the question three (Q3) of the research on the comparison of the predictive capacity of the model in other countries where it has been used (USA, Croatia, Chile and Singapore), the model has demonstrated its ability to predict success or failure in SMEs, 69.16 %, 72.32 %, 63.2 % and 85.62 %, respectively, table 3 appendix B. That is, the model of Puerto

Rico was able to classify the 71.6 % of the companies which means that it turned out to be better than the USA and Chile, but lower than that of Singapore and very similar to that of Croatia.

In the area of international business, this study contributes to obtain information from SMEs in Puerto Rico. The public and private sector will have a frame of reference for those elements that can influence the success or failure of a business in Puerto Rico in an open economy.

For the academy, this research contributes with quantitative empirical data on those determinants that influence the success or failure of SMES. For the business class, it provides information about the factors that influence the process to successfully operate a business and counterbalance the failure. In terms of public policy, it provides validated information on some of the variables that should be considered at the time to make changes that can be of benefit to entrepreneurs in the country.

The study findings contribute and allow future lines of study to researchers and experts of the topic. In terms of SMEs at the global level, in spite of cultural differences in the countries where the model has been tested, apparently, the world moves toward a similarity between the factors that are important and serve to predict the success or failure of the companies. In addition it extends this work to other countries.

# The Link between Collaborative Dynamics and the Identification of Business Opportunities: The French Experience of Clusters

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Key words: Clusters, Collaborative dynamics, Business Opportunities, Market Orientation

### **Aim of the paper**

In 2005, the French government tried to meet a challenge by setting out a new industrial policy that focused on innovation. The authorities want to create growth and jobs by drawing on emerging synergies and collaboration on innovative projects. Public financing allocated to collaborative projects explains the interest of researchers and practitioners to the measure of the performance of these structures. This is why we propose a new interpretative framework for the study of the performance of clusters focus on the business opportunities and SME's. Business opportunities are the core of entrepreneurship research. Since the article of Shane and Venkataraman (2000) we have learned much about the process by which people identify and exploit entrepreneurial opportunities, but we still have limited understanding on how context influence their identification (Shane, 2012). In addition, most studies propose an individual reading of the identification of opportunities, but few of them are interested in studying the phenomenon in a collective perspective (Tremblay and Carrier, 2010). The study of dynamic collaborative within clusters appears as an answer to these questions. It provides an analytical framework of the phenomenon in a collective perspective, while demonstrating how actions and interactions between members of collaborative projects can influence the identification of business opportunities. So the aim of this communication is to answer the following question: how collaborative dynamics within clusters do they contribute to the collective identification of business opportunities for SMEs? This issue answer to a French and International issue. Business opportunities are indeed a key to the creation and development of new activities and thus growth on the territory.

### **Background Literature**

The identification of business opportunities is the beginning of any business project. Dimov (2007) defines this phase as the combination of idea and action. This idea can be called opportunity at the moment of the desire to do something with it, is identified. This way, he underlines the dominant role of the action. Therefore, we understand that identification of opportunities is a process by itself (Ardichvili and al, 2003; Eckhardt and Shane, 2003; Chabaud and Ngijol, 2010). Some authors even propose to redefine identification, which actually doesn't take into account the complexity of the problem and prefer to talk about "formation" of opportunities to highlight the temporality and the mobilization of resources (Chabaud and Ngijol, 2010). The emergence phase of the entrepreneurial process has generated a considerable debate within the research community. Alvarez and Barney (2010) talk about the philosophical foundation at the core of the research on business opportunities. Some authors have developed a theory on opportunities emergence, considering opportunities as objective events, so independent from entrepreneurs who discover it (Baron, 2006; McMullen and

Shepherd, 2006; Shane, 2000, 2003). Others prefer to talk about opportunities creation, shaped by entrepreneurs' actions (Alvarez and Barney, 2010; Puhakka, 2011). However recent researches recognize that opportunities can be conceptualized in different ways: discovered at a certain time, and co-constructed at another time (Alvarez and Barney, 2010; Chiasson and Saunders, 2005; Sarasvathy and Venkataraman, 2011). All of this work has highlighted the importance of the identification phase in research on opportunities. Naturally many researchers have focused on the factors influencing this identification. Creativity (Dimov, 2007), knowledge and information (Dew and al, 2004; Ozgen and Baron, 2007), networks (Arenius and De Clercq, 2005) and entrepreneurial alertness (Tang and al., 2012) are recognized as determining at the origin of the identification of opportunities. Entrepreneurial alertness refers to the propensity to be sensitive to information, with a special sensitivity to the market and consumer needs. It is the ability of the entrepreneur to try new combinations of resources, in order to meet the needs and interests of consumers. Gaglio (2000) defines it as the ability to perceive correctly the change signals and Kirzner as the fact of identifying, without searching, opportunities hitherto neglected. It has been shown that the entrepreneurial vigilance is positively related to the number of opportunities identified. It now remains to know what are the factors that increase the entrepreneurial alertness. Some authors emphasize the fact that it is an ability that can be learned and improved (Tang, 2008, 2012), because it refers to the cognitive mental process of individual. These patterns are built through experience and knowledge. Cognitive theories confirm that this is a process that can be improved by training. It is therefore possible to provide a guide for entrepreneurs on how to identify opportunities with strong potential of value creation. This will be one of the main objectives of this research.

The existing literature on business opportunities emphasizes the end of the identification process, which materializes by highlighting an opportunity of economic gain. It is, in some way, the validation of the entrepreneur's perception (Chabaud and Ngijol, 2010; Eckhardt and Shane, 2003). Validation and identification of business opportunities imply the creation of value for the consumer. This is why the concept of Market Orientation seems to be adapted to meet the needs inherent to the identification of business opportunities, and to the economic concern of SME's in the clusters. The market orientation is defined as the set of behaviours and processes that enable the creation of value for the consumer. According Boso and al. (2013), market orientation is an orientation of the company towards customers, competitors and other external factors. It reveals a tendency of the firm to generate, disseminate and respond to market cleverly (Jaworski and Kohli, 1993). The "Market orientation" is a mechanism that directly affects the ability of a company to challenge its hypothesis about the market, and how a company has to be organized to answer it. But identifying opportunities involves a process of decision-making, to determine whether there are needs on the market and if a value can be created by the satisfaction of these needs (Webb and al., 2011). This is why we focus on the relationship between market orientation and detection of opportunities that requires the ability of the entrepreneur to combine resources.

## **Methodology**

The comparison of the main articles on business opportunities and market orientation, underlines the importance of a greater understanding to the links between the field of marketing and entrepreneurship. We also emphasize our desire to develop knowledge on the collective emergence of opportunities and the influence of context on their identification.

## **Results and Implications**

Determinants of the business opportunities identification are well known in the entrepreneurship literature. So far, investigation on business opportunities doesn't take into account the end of the identification process, which is materialized by the detection of an economic gain possibility. This is the reason why we propose a new terminological framework of identification of business opportunities focused on the relationship between entrepreneurial alertness and market orientation. Entrepreneurship researchers have recognized the entrepreneurial alertness as a determinant of the opportunities identification. In marketing, the identification has been defined as "Firm's awareness of a set of customers with particular set of unmet needs" (Webb et al, 2011). So we make the following proposal: P1: *The interaction between Entrepreneurial alertness and Market Orientation is positively related to business opportunities identification.* In addition many studies have highlighted the importance of being part of a network to identify new opportunities (Ozgen and Baron, 2007). Indeed "regional variation in network density and diversity both are likely to be related to individual level differences in opportunity recognition" (Arenius and DeClercq, 2005). On the other hand, Boso and al. (2013) argue that entrepreneurial firms with social network ties may take advantage of local benefits in terms of local market intelligence generation and dissemination. Because effective responses to local

market needs are viewed through a communal objective (Viswanathan and al. 2010). That is why we consider these two propositions: *P2: For SME's operating in collaborative projects, the interaction between entrepreneurial alertness and Market orientation is positively related to business opportunity identification when social network ties are higher*, and *P3: For SME's operating in collaborative projects, the interaction between entrepreneurial alertness is positively related to business opportunities identification when business network ties are higher*.

The clusters permit to link SMEs, major companies, research laboratories and universities around innovative projects. The literature on clusters has enabled us to emphasize the weakness of studies referring to SMEs in clusters. Public funding, allocated to setting up of collaborative projects, justifies the interest of researchers and practitioners of measuring the performance of these structures. This measure of performance has been especially studied through the cluster's governance and management practices, human resources, or through the appreciation of knowledge transfer, but only few researches have focused on the role of SMEs within these structures. However, SMEs represent 95.6 % of the companies on the French territory, 52 % of employment, 49% of value added and 43 % of the investment. We believe that the focus should be on those companies with strong growth potential, for measuring the performance of clusters through the identification process.

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# **Economic Sustainability of Born Global Enterprises: Opportunities, Challenges and Policy support**

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**Key Words:** International entrepreneurship; born globals; international new ventures; growth potential; sustainability potential; policy support

## **Track Title**

Sustainability OR Policy OR Internationalisation

## **Paper Title**

Economic Sustainability of Born Global Enterprises: Opportunities, Challenges and Policy support

## **Aim of the Paper**

In the aftermath of the global recession, achieving sustainable growth and job creation became a high priority for policy makers around the globe. Academic and policy literature confirms that job creation and growth is increasingly fuelled by international demand, and it is assumed that export oriented companies recover quicker from recession. Limited research on 'born global' enterprises, firms that intensively engage in international business briefly after induction, shows that they are innovative, have a potential to create jobs, and this at a faster pace than their non-international counter parts. There is, however, even less research available about the survival capacity of born global enterprises and public support provided to them.

This paper aims to examine the concept and types of born globals; explore their sustainability based on a qualitative SWOT analysis and investigate characteristics and improvement potentials of public support provided to them with a focus on European born globals.

## **Background Literature**

Research on born global enterprises dates back to around two decades ago when the term was for the first time used for those enterprises that in contrast to the traditional model of internationalisation start engaging in global business from their initial years of foundation onwards, let it be foreign trade, direct investment or sourcing. Such enterprises are acknowledged to serve several and occasionally remote markets from early stages of activity onwards unlike their counterparts following traditional internationalisation strategies.

While the term was referred to within the framework of a publication about Australian enterprises for the first time (Rennie, 1993), a similar concept was used by Oviatt and McDougall (1994) in their pioneering work for some American enterprises showing similar characteristics. Since then, there has been some research done (see for instance Jones, Coviello, and Tang 2011) in several countries, mainly based on desk research, case studies and small scale surveys, in order to define what born global enterprises and their particular characteristics are. Yet, there is not a single, generally accepted definition of the concept to date and the literature provides several definitions that vary as regards to the modus and intensity of internationalisation or number and location of markets served (see Mandl and Celikel Esser, 2013 for an overview).

Regarding the particular characteristics, research to date shows that such enterprises are found, just like their non-global counterparts, in both traditional and high-tech sectors (Knight and Cavusgil, 2004). They are by nature micro and small enterprises that offer innovative products and service lines. Whether internationalisation from inception makes them become more innovative or being innovative makes them act globally from outset stays as chicken or egg dilemma in the literature (see Oviatt and McDougall, 2005; Lamotte and Colovic, 2014 for an overview).

Born globals tend to grow quicker and create more jobs than their traditional counterparts (Mandl and Celikel Esser, 2013). However, research on their survival capacity provides contradictory results. While some studies show that born globals have a superior survival capacity (Sui, 2009), some others claim that these enterprises are less likely to survive in the long run as to their more ambitious business models (Mudambi and Zahra, 2007 ; Harris and Li, 2007).

## **Methodology**

The findings of the paper stem from a research project of the European Foundation for the Improvement of Living and Working Conditions in 2012, which adopted as the main research methodology literature review and secondary data analysis. The literature review is done at international basis and covered mainly academic journals and handbooks, as well as policy papers from the last two decades.

This is supplemented by secondary data analysis. The main challenge is the unavailability of suitable micro data that combine company age and international trade activities as structural business statistics are hardly linked to international trade data.

Nevertheless, two data sources are deemed suitable. The first one is the Global Entrepreneurship Monitor (GEM) which is a harmonised data set from an adult population survey. One important remark about the GEM data is that there is a three year time lag between the collection and publication of data. For that reason, we aim to use in this paper the latest publicly available data for a considerable amount of countries, that are 15 EU Member States, US and Japan.

The GEM questionnaire includes questions on the percentage of clients of young and nascent enterprises (that is those that are currently in process of starting up a business or did so within the last 3.5 years) that come from other countries. Although it cannot be used as a 'perfect' definition for born globals, enterprises where at least 25% of clients come from abroad can be used as an indication for their extent and characteristics.

In addition, the Amadeus database of Bureau van Dijk is used in order to explore born global enterprises' financial sustainability and profitability in different sectors. This is a compilation of comparable firm level financial and business information from Europe's 19 million biggest enterprises by assets.

For the policy analysis part, a wide range of publicly funded support measures for start-ups, internationalisation and innovation are scanned through from various databases and policy documents. The most relevant ones are Eurofound's [ERM Database on Restructuring Support Instruments](#) and [Good Practises Database for the SME Policies](#) of the European Commission. While both databases claim not be comprehensive, they provide a good number of available support for start-ups, internationalisation and innovation which were analysed in detail to see if can be of use for born global business model. This is supplemented by field research in six selected European countries about the existing policy support for born global enterprises, i.e. Ireland, Austria, Slovenia, Sweden, Italy and Spain, by means of semi-structured expert interviews.

## **Results and Implications**

The paper finds that on average around one fifth of European young companies are born globals although there are remarkable differences between countries. It puts some evidence showing that they have good potential to grow and contribute to the European economy in terms of productivity and innovation. They are more sustainable and create more and better jobs than their domestically oriented counterparts.

This said, The SWOT analysis performed shows that they have several weaknesses and particular threats denoting that they might die out before they reach their potential. Indeed the available data suggest that one third of such enterprises are financially vulnerable. They encounter some problems that hamper them to reach their ambitions of growth.

On the other hand, the results of the policy analysis shows that, born globals are hardly considered by European policy makers as a sound business model that can offer a solution to stagnant growth and unemployment in the aftermath of recent crisis. One of the reasons might be that there is no common understanding of what such enterprises are. The authors therefore suggest a common definition which would allow for more systematic research and more targeted policy support for them. Among relevant policy support could be fostering a culture of internationalisation, promoting national branding, exposing companies to international markets, supporting international business incubators, mentoring, subsidising wages and offering financial support.

An implication for researchers is to dig more into such born global enterprises and study which factors hinder them to grow. Likewise, an implication for policy makers is to provide tailored support to those "declining born globals" so that their macroeconomic potential can be realised.

## Education

### Summer school as a tool of education in entrepreneurship theory: a case study

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**Key Words:** Entrepreneurship research, education, summer schools, methodic

### Aim of the paper

To discuss the possible role of summer schools as a form of extra-curricular educational module enabling students to obtain knowledge and skills in entrepreneurship research.

### Background literature

Entrepreneurship education and the theory of entrepreneurship are two very dynamically developing and already highly institutionalized fields. However, in spite of a wide range of literature on entrepreneurship education (Caird, 1990; Gibb, 1993; Gibb & Cotton, 1998; Levie, 1999; Rae & Carswell, 2001; Iredale, 2002; Lassas-Clerc et al., 2008; Fayolle & Gailly, 2012; Fayolle, 2013, etc.), the entrepreneurship education literature is dealing with different aspects of programs and modules educating future entrepreneurs, not entrepreneurship researchers. However, becoming a growing field of interdisciplinary research, entrepreneurship theory steadily requires new cohorts of young researchers – to take academic positions at business schools, or to work as analysts in business associations, consulting companies, big business analytical departments and governmental institutions.

To encourage students to choose this career perspective, summer schools could be efficiently used. Meanwhile, as they are only a few, there is a lack of any literature on this target group focused teaching modules and especially of observations of such a specific tool of educational programs for prospective entrepreneurship researchers or analysts like summer schools.

### Methodology

Narrative, based on the experience of the summer school, initially (2011) inspired by the HSE (Moscow) and university of Twente (Netherlands) and now held by a growing group of universities from different European countries on annual basis under the title European summer school 'Exploring entrepreneurship'. Data of the students' evaluations (about 60 students), evaluations of the teachers involved and triangulated by using observations of two involved professors whereby both critically and additionally work on the narrative to have intersubjective agreement on the process, results and development points.

### Results and implications

Among the different types of summer schools according to '*Child Trends*' (Educational/Cognitive, Youth Development, Career Development, Health and Fitness, and Multi-element), the 'Exploring entrepreneurship' summer school is a Multi-element summer school aiming to provide students both cognitive advantages and to inspire them to a new view on possible educational and career development.

The idea to establish a platform to attract and encourage students from different universities, areas of study and levels of education get inspired by entrepreneurship research was realized first in form of an All-Russian summer school (2009-2010), but was transformed in 2011 into a bilateral, based on interest of University of Twente to internationalize students' extra-curricular experience. Since 2012 it began to transform into an European summer school supported by universities from different countries.

As the theory of entrepreneurship is accelerating since at least the 1980ies, it is institutionalized on the top-level (regular conferences, high-impact journals, national and international associations, international longitudinal research projects etc.), and there are a growing number of PhD programs. However, a fully fledged mechanism of creating awareness under both undergraduate and graduate students of the state of the art of entrepreneurship research is still underdeveloped. There are some entrepreneurship related PhD programs, but even within the graduate level there is lack of Masters' programs focused primarily on researching entrepreneurship. Moreover, undergraduate level students from different disciplines interested in entrepreneurship as a socio-economic phenomenon can easily be guided to become a starting-up entrepreneurs, but would hardly obtain knowledge and get inspired to choose entrepreneurship as a field of their academic interest as introductory courses in entrepreneurship theory are rather seldom to find even in universities with a strong tradition of entrepreneurship research.

The aim of the described summer school is to become a 'missed link' promoting significant added value through a synergetic and creative action of both lecturers and students. The paper deals with the design of the summer school combining three types of activities included into the program of the educational module, agenda and several learning outcomes (specific area related, general social-cultural skills as well as general academic skills).

As an international summer school in entrepreneurship research is an appropriate platform to get students informed and trained in cross-country comparisons and debates on origins and reasons of different entrepreneurship theories and empirical studies of entrepreneurial activity and structure of entrepreneurial activity, based on an active usage of the GEM, 'Doing Business' etc. projects approaches and data to the benefit of the aims of the summer school.

The paper is analyzing the organizational principles, methods and techniques to enable early-access of potential participants to learning materials. It describes the organizational frame based on co-operation and communication of professionals from organizing institutes. The authors provide the overview of programs of schools (2011-2014) to show both the continuity of some topics as well as teaching methods and 'inventing' of some new topics and teaching approaches each year.

A special part is dedicated to the group networking during the summer school as form of gaining additional benefit from multicultural self-preparation of students from different areas and different levels of education (from BA until PhD students).

The paper analyses the data of participants by level (BA, MA, PhD), area of studies and country of education as well as students' feedbacks completed after the finish of the summer school to reveal arguments for a possibility and benefits of multi-disciplinarity of the summer school.

The authors also raise some problematic questions and weak points of the school organization and output – like dependence from support of the participating universities, different options for students from different universities to take ECTS for participation, weak publicity and lacking links to some centers of excellence on the field of entrepreneurship research.

The paper concludes with some implications of methodic (interactivity and involvement of students of the preparatory stage), organizational (a transparent model of integration of the summer school into curricula of participating students), financial etc. nature. It is pledging for a broader participation of leading research centers in the establishment and promotion of outer-curricular forms of educating students in entrepreneurship research.

# Necessity Entrepreneurship: A Latin American Study

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Key Words: Latin America, Necessity Entrepreneurship, New Venture Creation

**TRACK TITLE:** Internationalisation

**PAPER TITLE:** Necessity Entrepreneurship: A Latin American Study

**AIM OF THE PAPER:**

This study analyzes entrepreneurship from the perspective of a potential Latin American necessity entrepreneur. The analysis contains an overview of necessity entrepreneurship in Latin America and transitions into a description of the necessity immigrant entrepreneur in developed countries like the United States. In both cases the necessity entrepreneur is faced with institutional obstacles --to different extents in each location-- that prevent their entrepreneurial activities from being as productive as they could be, leading to different degrees of contribution to overall economic growth. Possible solutions to the institutional obstacles are identified within the research.

Recent findings by the US Census Bureau have revealed figures that indicate that the Hispanic-American population in the United States will grow three times faster than any other ethnic group within the next 20 years (Roberts, 2013). These projections of a rapid growth rate can only highlight the importance of the proper financial development of this group within the United States in order to benefit the American economy as a whole. To gain a better understanding of the necessity immigrant entrepreneurship mentality, the Global Entrepreneurship Monitor's (GEM) findings relevant to Latin America are discussed. The GEM data sets are a unique resource that allows for the comparison of entrepreneurial rates among countries of the world (Larroulet & Couyoumdjian, 2009). In this study we will also include other academic sources that explain the economic situations in Latin American countries that hinder productive entrepreneurship and sustainable growth. Furthermore, the impact of necessity entrepreneurship within these countries is discussed, as well as how that translates to the necessity immigrant entrepreneur in the developed countries they migrate to, like the United States. Finally, the study concludes with the findings from a survey conducted by the University of Texas at Austin that describes the demographics and the characteristics of actual Hispanic-owned businesses within the state of Texas.

**BACKGROUND LITERATURE**

Studies performed by the GEM have revealed that Latin America has especially high levels of entrepreneurial activity (Larroulet & Couyoumdjian, 2009). When it comes to entrepreneurship rates, Latin America has the second highest in regions of the world, exceeding those of the European Union, Asia and North America. Evidence shows that approximately 18 percent of Latin American people of working age have participated in entrepreneurial activities (Larroulet & Couyoumdjian, 2009).

The high level of entrepreneurial activity is consistent across all of the 9 Latin American countries that participated in the GEM study, showing that the entrepreneurial pattern is consistent (Larroulet & Couyoumdjian, 2009). With such high levels of entrepreneurship, one would expect the economic situation of these countries to be positively growing, however, according to Larroulet and Couyoumdjian (2009), "the evidence does not support this view"(See Figure A).

How can this paradoxical phenomenon be explained? "Entrepreneurs' motivations are of key importance for the contribution they make to economic growth." This statement is used by the authors to refer to the motivation behind the entrepreneurial initiative. What prompted a given entrepreneur to launch a new venture? Larroulet and Couyoumdjian explain the distinction between entrepreneurship prompted by necessity, and entrepreneurship prompted by opportunity. More specifically, they explain the difference concerning each type's potential contribution to the overall economy.

Larroulet and Couyoumdjian (2009) sustain that entrepreneurship motivated by opportunity is prompted by a desire to take advantage of a potentially profitable business venture, whereas one motivated by necessity comes about involuntarily, in an almost forced manner.

In the case of Latin America, a rather large amount of the entrepreneurial activity is motivated by necessity rather than opportunity--approximately 35 percent. In contrast, more developed countries have low overall levels of entrepreneurship and the distribution is different. The distribution of their

entrepreneurship levels is approximately 20 percent out of necessity and 80 percent out of opportunity. Only approximately 63 percent of all entrepreneurial initiatives in Latin America rise out of opportunity recognition (Larroulet & Couyoumdjian, 2009).

Making the distinction is important because in the case of entrepreneurship prompted by necessity, the entrepreneur is undertaking the task only “because of a lack of other opportunities”. Since the entrepreneur in this case is seen as having no other choice, “the decision to undertake an entrepreneurial activity will not necessarily be related to the merits or qualities of the project being undertaken” (Larroulet & Couyoumdjian, 2009), meaning that the person taking this initiative isn’t doing so because it will be a great opportunity in and of itself, but because they feel they have to do something, anything to survive.

There are many factors that influence entrepreneurial behavior, one of the most important being institutions and institutional regulations (Baumol, 1990). According to the findings of Baumol (1990) entrepreneurs choose certain ventures that may be considered unproductive to overall growth because the “incentives” in place make it more advantageous to pursue those rather than more productive ones. These “incentives” take the form of higher tax burdens, strict regulation and corrupt government practices. These are the reasons a person may choose to participate in the informal sector of the economy, or even what Baumol (1990) calls destructive entrepreneurship. Informality in this case “is a response to a weak institutional environment” (de Soto, 1986). Unfortunately in many regions of the world, particularly Latin America “the informal sector amounts to the equivalent of a substantial fraction of the official GDP” (Schneider, 2005).

## **METHODOLOGY**

Secondary Literature Search

## **RESULTS AND IMPLICATIONS**

Necessity entrepreneurship should not have a negative connotation in comparison to entrepreneurship motivated by opportunity; after all many great inventions and companies have begun out of a person’s resourcefulness as a response to necessity. Rather, the term “necessity entrepreneurship” must be considered merely a description of the urgency and importance behind the success of the entrepreneur’s business venture. A high rate of necessity entrepreneurship within a region should be considered a red flag, and as such should be addressed and relieved, to avoid any type of engagement in activities that bypass institutional regulations and result in less contribution to the overall economy.

Institutional factors in Latin America have greatly hindered the region’s economic growth. Consistent with Baumol’s theory (1990), the lack of education, high costs of starting a business regarding both time and money, recovery rates, and tax payments have led to a higher rate of entrepreneurs engaging in informal economy and destructive forms of entrepreneurship. Even though entrepreneurship rates are high, overall economic growth is low. The necessity of these individuals to provide for themselves and their families overpowers their need to follow the rules, which in turn yields undesirable economic and social results.

Within the United States we encounter a more favorable environment, conducive to a more sustainable economic growth. However, due to different variables, be it difficulties assimilating to local culture and language, lack of education, and less access to resources, there is room for improvement. Among the suggestions encountered in research we find tax incentives, counseling programs and credit assistance programs (Chrysostome & Arcand, 2009). These suggestions will help these businesses succeed and support American economy as a whole.

## **Towards a Grounded Theory of Civic Entrepreneurship**

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Key words: civic entrepreneurship, sustainable entrepreneurship, cities

**Track Title:** Sustainability

**Paper Title:** Towards a Grounded Theory of Civic Entrepreneurship

**Aim of the Paper:** To elaborate a definition of civic entrepreneurship and to develop the boundary conditions for distinguishing civic entrepreneurship from other forms of entrepreneurship, particularly social entrepreneurship.

**Background Literature:** Over the past few decades, entrepreneurship research has seen an introduction and exploration of numerous sub-domains. These include international entrepreneurship (McDougall, 1989), corporate entrepreneurship (Guth and Ginsberg, 1990), gender entrepreneurship (De Bruin, et. al., 2006), social entrepreneurship (Austin, et. al, 2006) and sustainable entrepreneurship (Cohen and Winn, 2007). The latter two sub-fields in particular, social and sustainable entrepreneurship have expanded our understanding of entrepreneurship, and entrepreneurs, by demonstrating that some entrepreneurs are driven by a desire to make social and environmental impact as opposed to the more commonly held view that entrepreneurs are profit-seekers first and foremost. Yet extant research has found that even amongst high technology entrepreneurs, the prototypical entrepreneurs who are assumed to seek scalability and multi-million dollar exits, the assumption that entrepreneurs are primarily driven by personal wealth aspirations has been challenged (Amit, et. al., 2000).

Research in social and sustainable entrepreneurship has gained traction in mainstream entrepreneurship journals as evidenced by the sustainable development and entrepreneurship special issue in the Journal of Business Venturing in 2010 and a special issue of Entrepreneurship Theory and Practice in 2012 focused on the behavior of social entrepreneurs. Aside from conferences, articles and special issues in these topics, an entire journal was recently launched dedicated to the topic of social entrepreneurship, the Journal of Social Entrepreneurship, edited by Alex Nicholls of Oxford University.

The growing body of research in these areas of “do-good” entrepreneurship is an exciting line of inquiry as it challenges commonly held assumptions of entrepreneurship and expands its reach in both research and practice. Researchers may have been late to the game in developing theory and empirically testing these alternative forms of entrepreneurship, as evidence suggests social and sustainable entrepreneurs have existed for decades (Hawkens, et. al., 1999).

Despite the impressive array of theoretical and empirical research in these emerging areas of entrepreneurship, we recognized an apparent gap in the research based on observation of a phenomenon occurring in locations around the globe. While it has yet to be truly defined or even identified in the extant entrepreneurship research, entrepreneurship focused on improving the efficiency of government services and improving civic life appears to be picking up steam. Points of Light, based in Atlanta, Georgia, launched an accelerator for civic ventures in 2011. Code for America launched a civic venture accelerator in San Francisco in 2012. The city of San Francisco has an Office of Civic Innovation while the city of Boston has an Office of New Urban Mechanics to promote civic innovation through collaboration with local entrepreneurs.

**Methodology:** Recognizing the dearth of extant research into the phenomenon of civic entrepreneurship, and lacking a clear-cut definition of civic entrepreneurship and its relationship to other subfields such as social entrepreneurship, we embarked on an exploratory study of the space. We have already conducted close to 20 semi-structured interviews with self-identified civic and social entrepreneurs around the globe. Utilizing grounded theory methodology, the results emerging from these interviews will be categorized utilizing the Katz and Gartner entrepreneurship framework (1988).

**Results and Implications:** The early results from our qualitative research have been promising. We intend to structure the results leveraging the framework proposed by Katz and Gartner (1988). Specifically the articulation of the relative uniqueness of civic entrepreneurship compared

with other sub-domains such as social entrepreneurship will be accomplished through the characterization of civic entrepreneurship through the four properties of intentionality, resources, boundary and exchange.

We believe this research may open up a range of new theoretical and empirical lines of research for scholars interested in civic entrepreneurship as an emergent scholarly inquiry. Clearly, the mass migration to cities around the globe is putting additional pressure on cities to scale infrastructure such as transit and housing in ways that are more sustainable and more efficient than past practices and civic entrepreneurs pose the potential to be part of the solution to these complex challenges.

# Transnational Entrepreneurship and its Impact on Host Country Startups Ecosystems

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**Key words:** innovation policy, startups, Chile, social identity

**Track Title:** Policy

**Paper Title:** Transnational Entrepreneurship and its Impact on Host Country Startups Ecosystems

**Aim of the Paper:** The primary research question guiding this research is: Can government policy focused on attracting transnational entrepreneurs increase the perceived legitimacy of entrepreneurship in the local entrepreneurial ecosystem? Our research is based on the insights from social identity theory (Tajfel & Turner, 1979). This theory states that certain intergroup behaviors can be interchanged from one group to another. In our research one group is perceived with relative “low-legitimacy” (local Chilean entrepreneurs) and the reference group (transnational entrepreneurs) could transfer knowledge, experiences and networks that could enhance the legitimacy of host country entrepreneurs.

**Background Literature:** Entrepreneurship policy seeks to influence the level of entrepreneurial activity in a particular region (Lundstrom & Stevenson, 2005) since increased levels of entrepreneurship have been found to support job growth (Birch, 1979) and country competitiveness (Wong et al., 2005; Acs & Amoros, 2008). Researchers continue to pursue the question of what factors, and which entrepreneurship policies are actually successful in stimulating rates of entrepreneurship and country competitiveness (Acs & Amoros, 2008).

Transnational entrepreneurship has recently emerged as a subfield of entrepreneurship which focuses on entrepreneurs who retain connections and networks in their home country while launching a new venture in a second (host) country (Drori et al., 2009). While organizational ecologists have mostly accepted that country policy can have little effect on the rate of new business formation (Baumol, 1990), researchers have yet to explore if a proactive government policy to recruit transnational entrepreneurs could achieve positive outcomes for the host country entrepreneurial ecosystem.

In 2010, the government of Chile decided to pilot a program designed primarily at attracting transnational entrepreneurs. Start-Up Chile is a program administered by the Chilean Economic Development Agency, known as Corfo. The program seeks to attract entrepreneurs with scalable venture ideas to Chile from around the globe. The stated goal of Start-Up Chile is to “convert Chile into the definitive innovation and entrepreneurial hub of Latin America.” Not surprisingly people inside and outside of Chile have suggested it is Chile’s attempt to create their own Silicon Valley. In fact, Startup Chile and the country as a whole was recently dubbed by the Economist as Chilecon Valley (Giles, 2012).

Start-Up Chile consists of several key features including, a \$40,000 (USD) grant (non-reimbursable, non-diluting) from the Chilean government, to entrepreneurs accepted into the program. Aside from the free money, entrepreneurs receive a work visa for one year as well access to shared office space, mentors and networking events. The entrepreneurs are not required to stay in Chile after the first 6 months. The pilot phase of Start-Up Chile began in 2010 with 22 startups from 14 different countries. By the end of 2011 the program had serviced approximately 500 startups and the government’s stated goal by 2014 is to have supported a total of 1,000 entrepreneurs from around the globe.

Baumol (1990) suggested that governments cannot do much to increase the supply of entrepreneurs but they can create policies and support mechanisms to increase entrepreneurial success in their economy. Estrin et al. (2013) state that embeddedness in local social networks could play an important role enhancing growth aspirations of entrepreneurs, and also reducing some negative effect of institutional voids (formal and informal). What is very unique about the Startup Chile program is that it is one of the first programs of its kind in the world to actively recruit foreign entrepreneurs in hopes of boosting their domestic entrepreneurial ecosystem. So while it may be difficult to create new entrepreneurs in a region, Chile has found a way to “import” entrepreneurs which at least temporarily boosts the amount of entrepreneurial activity in the country and may create positive spillover effects via legitimization.

**Methodology:** We use a specific case of Chile as a “natural experiment” to inquire empirically about the development of an entrepreneurial ecosystem via transnational entrepreneurship programs. Primary data from GEM Chile since 2007 has been gathered to support the research. This data has relevant information about how the general population evaluate attitudes related to entrepreneurship in the country. Additionally there is information about the perception of the impact of entrepreneurship policy. This quasi-longitudinal data permit the evaluation of the effect of *Start-Up Chile* throughout time. Furthermore, we have collected data from several sources associated directly with the launch of Start-Up Chile including interviews with founders of *Start-Up Chile* organizers and founders of ventures admitted into the *Start-Up Chile* program. Finally, we aim to collect a count of media mentions of terms associated with entrepreneurship (in Spanish) in Chilean media from 2007 through 2013. We will also collect media mentions from international media (in English) before and after the implementation of the Start-Up Chile program. This data will be used to test the following two hypotheses: H1: Increased transnational entrepreneurs are associated with an increase in global brand

awareness for the host country ecosystem; H2: Increased numbers of transnational entrepreneurs are associated with an increase in host country entrepreneurial intentions.

**Results and Implications:** The results of this research could contribute to the extension of transnational entrepreneurship and organizational ecology research on entrepreneurial ecosystems. This work will also be used to extend the reach of social identity theory to perceived legitimacy for entrepreneurship in a region. Furthermore, given the growing interest in nations and cities around the globe to grow their economy through entrepreneurship, any innovation in entrepreneurship policy is important to explore from an empirical perspective to ascertain its actual effectiveness. The efficacy of the *Start-UP Chile* program is of critical importance to policy makers because nations around the globe have already begun trying to replicate *Start-Up Chile* based on anecdotal evidence that the program is actually working. Similar projects have recently been announced or launched in Peru, the US, Greece, Italy and the UK among others.

# Incubating Engineers

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Key words: incubation centre, innovation, engineering, pedagogy

Track Title: Education

## Aim of paper

This paper will provide an example of using student-entrepreneur collaboration in the teaching of a module “Innovation and Enterprise” to Mechanical Engineering final year students at the Galway-Mayo Institute of Technology (GMIT).

## Background Literature

According to Boud and Feletti [1] “problem-based learning is the most significant innovation in the area of education for the professions in many years” (p. 1). The focus in this type of learning is to provide the students with problem scenarios so that they can learn through a process of action and reflection [2]. However some scholars argue that design “is hard to learn and harder still to teach”[3]. Furthermore organizations, such as Engineers Ireland, are calling for graduate engineers to have more rounded skills in the areas of presentation, communication and team-working [4]. This paper builds on design thinking [5-7] and brings it to a new level by directly interfacing with industry and simulating a real-life client-entrepreneur interaction for students. The purpose of the work is to contribute to the debate on the best pedagogical approach to developing undergraduate design skills to meet the requirements of contemporary complex working environments. GMIT opened two Innovation in Business Centers (iIBC) in late 2005 and mid-2006. These Innovation Centers were established with the support of Enterprise Ireland, and have a twofold objective; to support and facilitate the emergence of new market-led and knowledge-based companies in the region and, forge strategic links between the college and the world of industry and commerce. GMIT opened two Innovation in Business Centers (iIBC) in late 2005 and mid-2006. These Innovation Centers were established with the support of Enterprise Ireland, and have a twofold objective; to support and facilitate the emergence of new market-led and knowledge-based companies in the region and, forge strategic links between the college and the world of industry and commerce. The Innovation in Business Centers, at GMIT Mayo and Galway, offer incubation facilities and a supportive environment to potential entrepreneurs in order to assist them in taking their ideas from concept to full commercialization [8].

## Methodology

Donald Schön's [9] publication of *The Reflective Practitioner* is regarded as a seminal work in the debate on the benefits of *reflection* for practice and research. In the book he criticises the prevailing academic epistemology as having nothing to offer either practitioners “who wish to gain a better understanding of the practical uses and limits of research-based knowledge” or scholars “who wish to take a new view of professional action”. Schön begins with the assumption that “competent practitioners usually know more than they can say” and that they exhibit “a kind of knowing in practice, most of which is tacit”. Furthermore in disciplines such as medicine, management, and engineering, his experience was that professionals were exhibiting “a new awareness of a complexity

which resists the skills and techniques of traditional expertise. The methodology will follow as a number of steps in which the project is prepared, implemented and disseminated (see figure 1).



Figure 1: High level assignment structure

## Results and Implications

The study is being carried out in the second semester 2013/2014 with twenty five students in the Mechanical Engineering level 8 *Product Design* stream. An entrepreneur, Ms Laura Taylor (<http://www.wetsuitbuddies.com/>), has provided the class with a design problem and met with the student teams. The students will present their business case at the end of the semester. It is proposed that the final paper will outline a comprehensive report on the results and implication of this on-going project should the abstract be accepted.

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# **Governance of Small and Medium Sized Enterprises: Towards a Holistic Model of Governance**

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- **Track Title**

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- **Paper Title**

Governance of Small and Medium Sized Enterprises: Towards a Holistic Model of Governance

- **Aim of the Paper**

The average owner of a small firm may feel that corporate governance is a topic that is of little interest to them or the operation of their businesses. However, this is due to the focus on 'corporate' and not governance within much of the debate in this area; there is no doubt that if we see governance as a holistic concept that is interested in fairness, responsibility, transparency and accountability then the relevance to Small and medium sized firms (SMEs) becomes apparent. Indeed, given the difficult economic climate and the resultant difficulty for SMEs to access finance, you could argue that an interest in governance is not an option but a necessity for a large number of SMEs.

The aim of paper aims to explore how key decision makers who manage SMEs understand governance and what the term "governance" means to them. Secondly the paper aims to put forward empirical evidence to support the "holistic model of governance" that the authors have developed. The paper builds on previous research conducted by the authors and aims to add empirical evidence to develop the theoretical framework that has been synthesised from reviewing the literature on governance and small business management.

- **Background Literature**

Although the theoretical ideas that underpin the corporate governance debate have been around for some time, it was the publication of the Cadbury report in 1992 that was the catalyst for an increasing amount of academic literature studying both the meaning of corporate governance and the effect that governance may have on firm performance (Jensen and Meckling, 1976; Cosh and Hughes, 1987; Charkham, 1989; Conyon, 1994; Demsetz and Villalonga, 2001; Crossan, 2011). However the majority of this work was aimed at large joint stock companies and whilst this is not necessarily surprising in itself, it has meant that small and medium sized enterprises (SMEs) have largely been ignored in the governance debate.

The study of corporate governance in smaller firms is in its early stages of development and thus far the focus has been on conceptual papers (Uhlener, Wright & Huse, 2007). The few empirical studies that have been conducted have mostly used a positivist methodology, were quantitative methods have been used to test for significant relationships between the types of variables (e.g. the characteristics of the board of directors) that have been associated with the study of corporate governance in listed firms. Applying this framework to the study of small firms is problematic, not least as there is an implicit assumption of a separation of ownership from control within the firms being studied (Brunninge, Nordqvist & Wiklund, 2007; Zahra, Neubaum & Naldi, 2007; Voordeckers, Van Gils & Van den Heuvel, 2007; Fahed-Sreih, 2009, Marta, Berant-Braun & Lorraine, 2012). Although issues arising from agency problems may be relevant for some SMEs, the idea that there is a wide spread separation of ownership from control in small firms is incorrect. Indeed the majority of firms in the UK only have one owner who is also the sole employee of the firm (Crossan, 2011). At best the relationship between owners and managers is only one, of a number relevant factors that determines governance in smaller firms.

A review of the current literature concerning the role of corporate governance in SMEs leads us to one conclusion: there are no substantial findings from the literature (Eesal, 2010). Although there

have been some studies proposing a corporate governance model suitable for SMEs at a national or international level, they are limited in both their number and the usefulness of their findings (Brunninge, Nordqvist and Wiklund, 2007; Crossan and Henschel, 2012). This fact is often explained by corporate governance being an emerging branch of business management theory which has yet to developed standards, and this is particularly the case when we consider corporate governance in SMEs and not in general terms (Abor and Adjasi, 2007). Crossan and Henschel (2012) have developed a model of governance that is aimed at SMEs, this model views governance as a holistic concept that is concerned with how firms deal with risk management, strategic planning and other issues and is not limited by the principal-agent relationship.

A corporate governance system should be a necessity for SMEs, not only because it is required by law or by the Basel II regulations, but rather because it is in the interest of the SMEs. The reason is that such enterprises have a high potential to become insolvent and the most frequent causes of insolvency are management errors and weaknesses in the company structure. This is especially true during the first seven years following the establishment of the company (Almus, 2004; Herbane, 2010).

#### **• Methodology**

The paper has been informed by face-to-face interview that were conducted during 2012 and the finding from these interviews have been used to develop a questionnaire that was distributed to a random sample of SMEs based in the UK during 2013. The questionnaire contains questions concerning the ownership structure, strategy, experience of managers, risk management tools and other questions to ascertain how the firms are operate and controlled.

The FAME database, which details the financial information of 2.7 million UK based firms, was used as the sampling frame to generate a random sample of firms to send a postal questionnaire. The response rate achieved was circa 10 per cent so that we gained 66 usable responses from the 650 questionnaires that were distributed. Although this is just a pilot study and we acknowledge the limitation in the data set, we hope that the analysis of the data adds to the current small body of literature in this area.

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#### **• Results and Implications**

The findings from the data analysis that was undertaken are complex and in some instances agree with earlier studies and in other cases offer findings that differ. Overall the findings do suggest that senior decision makers in SMEs do place importance in the role of governance structures, with only (circa) 10 per cent of firms appearing to have no formal risk management, business planning and performance measurement tools in operation. Although we concede that the widely held view that SMEs are less likely to use quantitative tools to deal with these issues, than larger firms is supported by the data and that SMEs do tend to demonstrate a high level of heterogeneity in their management structures.

## **Product innovation, firm renewal and family governance**

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Keywords: family firms, product innovation; capabilities; product portfolio; firm growth

Track Title: Family Business

Paper Title: **Product innovation, firm renewal and family governance**

### **Aim of the paper and literature gaps**

A firm's ability to create effective new products is central to both strategic renewal and long term organisational growth (March, 1991; Nelson and Winter 1982; Eggers, 2012). Organisations must continually renew themselves if they are to survive and prosper in dynamic environments, and product innovation has been recognized as a primary means of corporate renewal as it demands the creation and expansion of organizational competences over time (Danneels 2002; 2007).

The product innovation literature mainly has examined the determinants of new product success by studying the impact of product-firm synergy on new product performance: new products with a closer fit to firm competences are said to be more successful. Unfortunately, this literature has mostly ignored the reverse direction of the product innovation-competences relationship -- that is, the effect of new products on a firm's competency development and its trajectory of renewal).

If organisational capabilities and new products co-evolve, then factors affecting the ability of a company to introduce new products are crucial to understanding the potential for competency renewal and thus long term firm performance. Among these factors is governance structure. Where shareholders such as family owners value control over the firm (Gomez-Mejia et al., 2007), the introduction of a new product may be rejected

when it is perceived as too risky relative to the existing product portfolio. This risk-limiting strategy can induce firms to choose only low-risk products closely related to the existing portfolio. As a consequence, the aim of retaining company control may give rise to an adverse product selection process favouring the adoption of products within the existing domain of competency and that, in turn, may impede firm renewal. *This is the core argument of our study.*

Because of their conservatism and desire for company control, family firms are ideal candidates for research into how new product introduction strategies affect organizational learning and competency renewal. If family managers avoid business risk, then family governance can be a key factor in explaining competency renewal via new product introduction (e.g. Bertrand & Schoar, 2006).

To date, no literature formally models or demonstrates empirically how firm and market conditions driving product selection relate to competency renewal. Moreover, no formal mechanism of product selection has been proposed to explain the governance-based predisposition of incumbent firms to resist “strategic renewal outside the frame of current strategy” (Huff, et al 1992), or to show if and when such inertia occurs (Konig et al 2013). *This research attempts to address these gaps, both via a formal model of product introduction in family firms and an empirical test of the model on a sample of Italian companies.*

## Methodology

Our model is based on two complementary arguments. The first concerns the definition and measurement of product riskiness within the process of competence building. We use the degree of “relatedness” between a new product and the existing product portfolio as a measure of the risk involved in product introduction (Baldwin et al., 2000). A new product poses little risk when it is closely related to, and complementary with, the core product line, whereas it is riskier when it broaches less familiar businesses, or falls outside the boundaries of the existing portfolio. Our second argument concerns how product risk affects product adoption. We model the product innovation decision as contingent on the risk profile of the new product compared to that of the existing product portfolio: if a new product is riskier than the existing portfolio, its adoption may erode the post-adoption equity value for shareholders, thereby making product adoption less likely. More generally, shareholders will vet a product introduction by considering how their claims would be affected by modifications in their company's financial default profile caused by the risk of investing in the new competencies required for the introduction. Thus, consistent with prospect theory (Kahneman and Tversky, 1979), endowed competency embedded in the product portfolio may act as a reference point for the decision to introduce a new product, and deviations from that status-quo can be used to evaluate an innovation opportunity.

According to the above framework, company owners who prioritize control over existing assets, as may family owners, may under-invest in risky products to avoid financial default and maintain control. Such a risk-limiting strategy induced by conservative preferences may reject competence-increasing new products and thereby compromise competency renewal due to the adverse selection mechanism of product introduction.

We develop and empirically test these predictions in a model of product innovation and firm performance in family firms. To relate decisions about new products to their effect on renewal capability, we employ the three-step approach developed by Crepon, Duguet & Mairesse (1998) and Hall, Lotti & Mairesse (2012). We

address specification challenges by estimating the different blocks of the model sequentially (Hall et al 2012; Miranda & Zhu, 2013). We first estimate a selection equation to identify the probability of product innovation and product relatedness (product risk) from some observable firm and family characteristics. Then, to avoid endogeneity in the innovation variable, we estimate predicted probabilities of innovation to be used in the outcome equation. Finally, we regress our measures of competency-renewal on the predicted values of the innovation variables: this last step allows us to evaluate the impact of owners' preferences on firm renewal via product innovation. We use individual firm-level data from a sample of Italian medium-size manufacturing companies whose product introductions we have tracked over time. Survey data are complemented by quantitative information on company accounts for the period 1998-2008.

## Results

Our primary result shows that family governance plays a crucial role in the product selection mechanism and drives the breadth and currency of the competency base of the company by affecting its ability to renew its competences over time. Using the number of patents and the number of new markets entered by the company as proxies for newly-created competencies via product introduction (Danneels 2002; Xie & O'Neill, 2013), our empirical results show that *product innovation does indeed function as a tool for organisational competency renewal*.

However, the contribution of new products to firm renewal is inferior for firms run by family members because of the constraining role of their preference for product relatedness. Family-driven underinvestment in competence-enhancing new products increases with family generational drift and the size of the existing debt burden. Although it does not suppress the adoption of new products, family management is a crucial suppressor of a company's ability to renew firm capabilities, in particular technological capabilities via patents. However, a very important exception is entry into new markets, where the family preference for related, less risky new products actually enhances the ability to sell into new markets. In sum, the ability of a firm to successfully renew its technical and marketing capabilities is conditioned by the risk selection mechanism underlying product introduction. *The impact of product introduction, that is, of innovation, is therefore dependent upon corporate governance, which directly affects the type and growth potential of new products. Thus previous work on family firms, which has focused on risk taking and innovation and ignored portfolio conditions, competency variations, and renewal, is significantly conditioned.*



WORLD  
CONFERENCE ON  
ENTREPRENEURSHIP



# **I Can See Clearly Now: Towards a Fuller Understanding of Small Firm Activities Over Time**

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**Keywords: Small firms (SFs), strategy, marketing, decision-making, change, longitudinal**

## ABSTRACT

**Track Title: Small Business Management**

**Paper Title: I Can See Clearly Now: Towards a Fuller Understanding of Small Firm Activities Over Time**

### **Aim of Paper**

This paper provides fresh evidence on changes in the decision-making, marketing and strategic activities of small firms (SFs) over time. As such, the paper challenges many of the conventional assumptions regarding planning and strategy within the context of SFs. The paper discusses findings from a longitudinal study spanning 15-years. This longitudinal approach adds unique value to extant research on planning and strategy within SFs only made possible by the longitudinal approach adopted. No previous studies have examined SF decision making and strategy development over this period of time.

This paper also argues that research about SF planning and strategy development has regarded SFs as scaled-down versions of their larger counterparts and consequently that meaningful research and knowledge in this area remains scant. This is surprising, especially given the continued predominance of small firms in economies worldwide: 99.2% of all businesses in the UK (Department for Business Innovation and Skills, 2013) and 98.7% in the Eurozone (European Commission, 2013) are defined as SFs. Moreover, studies which have considered SFs have tended to examine their decision making activities at one point-in-time, providing a snapshot of these rather than insights into how these change over time. This paper seeks to address these research gaps by using data from a 15 year study to contribute to a deeper understanding of decision-making and changes in decision making within SFs over time.

### **Background Literature**

SFs are not just scaled-down versions of their larger counterparts and it is unhelpful to consider them as “little big businesses” (Welsh and White, 1981; Carson, 1990; Storey, 1994; Burns, 1996; Simpson et al., 2011). It is also recognised that the particular characteristics of small firms require a different appreciation of their management and that the methods and techniques used when researching large firms are less applicable, valid and relevant when investigating SFs (Carson and Cromie, 1990; Storey, 1994; Jennings and Beaver, 1997; Beaver and Jennings, 2000; Cummins et al., 2000; Fillis, 2001; Beaver and Prince, 2004; Bell et al., 2004). Given this, concepts, theories, practices, forms of behaviour and interventions that apply to big businesses and their management rarely map onto SFs (Simpson et al., 2011; Bridge and O’Neill, 2013). Despite this recognition, the focus of business and management research is still very much on large firms: *“Much of current, contemporary management theory is still founded on the empirical analysis of managerial action in large organisations. These principles, no matter how refined, cannot be applied to the smaller enterprise”* (Beaver, 2007:16)

It is also acknowledged that time is an important dimension impacting on the behaviours of small firms yet the dominant research methodologies employed in SG research encourage exploration of SFs at particular points in time through analysis of cross-sectional data (Chandler and Lyon, 2001; Mullen et al., 2009). As a result, research findings are regularly presented as a *fait accompli*, without taking into account the effect of temporal dimensions including the effects of a firm’s historical context and experiences. Chandler and Lyon (2001) found that 80% of the empirical studies they reviewed were cross-sectional by design and that only 7% of the 416 papers published in the mainstream small firm/entrepreneurship journals over the period 1989-1999 were longitudinal, which they define as, *“...data collected at two or more points in time (including panel studies), real-time case analysis through frequent interviews or participant observation, and multi-year analysis of financial or other data from archival sources”* (Chandler and Lyon, 2001:109).

Despite the paucity of longitudinal studies, there is a strong and logical justification for considering temporal effects within management research generally, and SFs in particular. Adopting such an approach overcomes many of the weaknesses inherent in entrepreneurship research: *“...most research (relating to small firm strategy) has been short term in focus. Longitudinal research would enrich past findings by examining repetitive planning over time in the face of changing strategic decisions”* (Robinson and Pearce, 1984:135). Liberman-Yaconi et al. (2010: 90) also suggest that when researching decision-making in SFs *“...it would also be of value to carry out a longitudinal study to see how decisions are implemented, including how/why they vary according to the original decisions.”* While Verreyne (2006:220) acknowledges that, *“...the cross-sectional design may be another limitation”* to her study of strategy and strategy-making in small firms, going on to suggest, *“...a longitudinal study may provide some additional advantages”* (ibid). This echoes similar findings from Bowen and Wiersma (1999) and Schwartz and Teach (2000).

## **Methodology**

Qualitative research by means of a 15-year longitudinal case study approach was employed. Eight cases of SFs were selected and the primary source of data was a series of depth interviews conducted with the owner/managers of the case firms at various points over the 15 year time period. This was supplemented by observation and document analysis. Analysis was conducted on a firm-by-firm and cross-case basis within similarities and differences between firms along a range of decision-making, marketing and strategy criteria being explored.

## **Results and Implications**

The findings of this longitudinal study indicate fundamental changes in the decision-making, strategy and marketing activities of SFs over time. These changes are driven by external (primarily the growth of the Internet and economic circumstances) and internal factors (the development of firms' competencies and resources). Age and stage of firms is also found to be important; as firms develop and age and as owner/managers develop their competencies, this affects changes in the way they do business generally and how they approach decision-making, strategy and marketing specifically. Findings also indicate that not all small firms change or develop at the same rate with the nature, scope and speed of change being found to vary across firms suggesting there is no "one size fits all" approach to planning and decision making within SFs over time. Discussion of these findings reveals a number of implications for educators, policy-makers and practitioners.

For educators, the findings suggest that, because the research is based on findings from small firms, this can be integrated into existing undergraduate and postgraduate courses relating to small businesses generally, or strategy or marketing programmes, but also in the development of tailored short-programmes specifically aimed at small firms. In addition, courses designed for owner/managers who are nearing retirement and/or considering withdrawing from their business, could give some consideration to how they make and implement succession plans for the next generation of management, which was one of the most pressing issues facing them.

The research findings should also be of keen interest to policy makers, especially those charged with the responsibility for development of the small firm sector by helping them divert and focus their resources on the most impactful and rewarding areas (or firms). So rather than solely using growth criteria to identify which firms to support financially, this would involve policy makers identifying the "trigger points" in small firms' development, thus allowing them to tailor and direct their efforts and support in a more focused and effective manner and broadening the scope to include other non-financial support initiatives.

Finally, for practitioners, there are also a number of implications. There were many commonalities between and across firms in this research, so it is anticipated that many of the issues discussed would also resonate with a larger number of small firms across Northern Ireland, the rest of the United Kingdom and beyond. The research findings should also give firms the opportunity to reflect upon their own decision-making, strategy and marketing activities. Most acknowledged they spent very little time doing this, but recognised if they did, their performance in these areas would be more effective.

One of the main challenges now is finding the correct methods and means to disseminate this information as widely as possible to the relevant audiences.

**Mompreneurs of France:  
Emergence of a Concept, Motivation and National Culture**

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Keywords: Mompreneurs ; Mumpreneurs ; Feminine entrepreneurship ; Gender ; National cultures ; France

## **TRACK TITLE**

Gender (Spinder Dhaliwal and Maura McAdam)

## **PAPER TITLE**

Mompreneurs of France: Emergence of a Concept, Motivation and National Culture

## **AIM OF THE PAPER**

Momprenneur is an emergent concept and a new trend of research in female entrepreneurship. The focus is on women doing business at the same time as child-rearing. It is the creation of a new business venture by a woman, who defines herself as mother and business owner, who is motivated primarily by achieving work-life balance, and who chooses an opportunity linked to the particular experience of having children (Richomme-Huet *et al.*, 2013, Korsgaard, 2007). They are generally highly qualified women, with a previous work experience. Mompreneurs are organized in networks or communities providing mutual help.

The aim of this article is to look at the emergence of the momprenneur movement in France through the lenses of entrepreneurial motivation and national culture. In order to understand the relation between culture and emergence of the concept, we developed two levels of analysis. First, we studied the cultural dimensions of France compared to 4 other countries in which the momprenneur movement has also emerged (Canada, UK, Australia and New Zealand). The aim of this is to understand the relationship between mompreneurship and national culture. Second, we explored the motivations and values of 14 mompreneurs in France through semi-structured interviews. Mompreneurs are building a sub-culture of entrepreneurship (Ekinsmyth, 2011). We consider that the motivation to create a company at the time of child-rearing will be in relation to national values and the expected role of women in society as well as the specific situations and values shared in the framework of a sub-culture.

## **BACKGROUND LITERATURE**

Literature on mompreneurship is very recent. All over the world studies have been made to define and understand the characteristics of this movement. One of the first articles (Korsgaard, 2007), revealed that balance of work and family life and the desire for an exciting and challenging work are the principal motivators for women and mothers to become entrepreneurs. In 2010, Net *et al.* published a study about Australian mompreneurs. They identify several factors of motivation: balancing work and life, sense of achievement, satisfaction with oneself, increasing income, gaining respect to equalize gender imbalance, and becoming independent. Ekinsmyth (2011) developed a study in which the spatialities and practices of a sample of UK mompreneurs are examined. Also considering UK mompreneurs, in 2012, Duberley & Carrigan looked at the career transition to entrepreneurship. One interesting finding suggests that becoming self-employed was preferable to being perceived as a housewife. In 2012, Jean & Forbes studied the entrepreneurial motivation of Canadian mompreneurs. They indicate that mompreneurs are motivated by intrinsic factors.

Regarding French mompreneurs a few studies have been made recently. In 2013, Richomme-Huet & d'Andria analyzed the support given to French mompreneurs through the only active French association of women claiming to be both entrepreneurs and mothers. Also in 2013, Richomme-Huet *et al.* validate, by way of a quantitative study, that mompreneurs constitute a sub-group of entrepreneurs.

Literature on feminine entrepreneurship considers that women are attracted to entrepreneurship because of discrimination in earnings or glass ceiling problem in organizations. However, studies such as Butner & Moore (1997), Hugues (2003), Hugues (2006), Kirkwook (2009), Humbert & Drew (2010) show that women's entrepreneurial motivation is composed principally by factors such as challenge, a positive work environment, independence, self-determination, and a meaningful work. The balance between family and work was also an important factor of motivation (the presence of children increases women's appeal for entrepreneurship).

Entrepreneurial motivation is influenced by the culture of the country (Schlaegel *et al.*, 2013). Cultural values, such as the attractiveness of entrepreneurship, can influence the development of new venture creation in a country (Liñan *et al.*, 2013). The entrepreneurial environment (for instance: the existence of associations of support or the access to loans) can also contribute to the desirability of entrepreneurship (Liñan *et al.*, 2013). In general, researchers have used Hofstede's dimensions to understand entrepreneurial behavior (Hayton *et al.*, 2002).

Research in culture and entrepreneurship hypothesized that entrepreneurship is facilitated when a culture shows high individualism, low uncertainty avoidance, low power-distance, and high masculinity (Hayton *et al.*, 2002). This is the case of countries such as New Zealand, Australia, United Kingdom and Canada. Indeed, all of them have developed studies about mompreneurs. However, the high values of power distance and uncertainty avoidance in France are in opposition to the low values of the other 4 countries.

## **METHODOLOGY**

This article is based on a comparison of countries following Hofstede dimensions, and an exploratory research based on 14 semi-structured interviews (Huberman & Miles, 1991) of French mompreneurs. The interviews were recorded and transcribed. We then performed a thematic analysis of speech (Evrard *et al.*, 1997).

We used a disaggregated framework of motivation dimensions: dissatisfaction, independence, opportunity and necessity, in order to understand the facts and values related to the entrepreneurial creation. We also used the national culture dimensions framework (Hofstede, 1985) to look at the way French mompreneurs overcome the cultural weakness for venture creation (high power distance and high uncertainty avoidance). We finally looked for the balance of work and family life.

## **RESULTS AND IMPLICATIONS**

The principal findings show that the entrepreneurial motivation of French mompreneurs is based on dissatisfaction with their previous job and a desire for independence, followed by the discovery of an opportunity, in general in relation to pregnancy or parenting. There is no necessity motivation in the case of mompreneurs of France.

Cultural measures such as power-distance or masculinity/femininity (Hofstede, 1985) are related to the role women develop in society and can explain female entrepreneurship. The French high score in power-distance means that power is centralized and the society accepts inequalities. If we compare this with the theory of motivation, French women can be pushed into entrepreneurship for inequalities at work. Indeed, in 9 cases of this study, French mompreneurs declare having created a business venture to gain recognition.

As France scores high on the individualism index, autonomy is favored. That will help the development of entrepreneurship. However, the country has one of the highest scores on the uncertainty avoidance index. That means that French people do not like ambiguity or uncertainty about the future. This could act as a barrier to entrepreneurship. However, in our study of mompreneurs, this dimension is overcome. Regarding risk aversion and fear of failure, 13 of the 14 entrepreneurs declared not truly taking a significant risk because they had savings, a husband who earned money for the family, or because they were qualified and believed that they could easily find a job if the company failed.

France is a relatively feminine country. In a feminine country people care about quality of life, and there are no important differences in the role women and men play in society. Considering this aspect, women entering entrepreneurship will search autonomy, quality of life and will continue to work during the child-rearing period.

Finally, we analyzed the balance between job and family life. According to the literature, this is an important dimension in the decision to create a business venture. In our study, 8 out of the 14 women expressed this motivation.

By studying the relationship between motivation and culture, this paper contributes to the understanding of mompreneurship as a way to conciliate professional activity and maternity and at the same time acquiring social recognition. The results can also give inspiration about ways to overcome high uncertainty avoidance when trying to develop entrepreneurial creation at a national level.

# Exploring Individual level Antecedents of Entrepreneurial Orientation

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## 1. Track Title: Innovation

## 2. Paper Title: Exploring Individual level Antecedents of Entrepreneurial Orientation

## 3. Aim of the Paper

Research in entrepreneurship and innovation generally adopts a deterministic approach, assuming that the organisation's strategy is determined by environmental opportunities and constraints (e.g. industry growth rate, dynamism, concentration) and by the characteristics of the organisation (e.g. size, structure, resources and competencies). By doing so, the role and significance of the top management team (TMT) has been somewhat overlooked, despite the development of the "upper echelons" theory (Hambrick & Mason, 1984) and the recognition that innovation is a key organisational activity in which the TMT plays a crucial role (Bantel & Jackson, 1989; Hoffman & Hegarty, 1993). This is particularly relevant in small and medium-sized companies where the influence exerted by executives is seen as the most important force driving organisational design, culture, and climate (Miller & Toulouse, 1986). We address this oversight by examining how key individual level determinants, including entrepreneurial alertness and political skill, capture the manager's capacity to discover, recognize and exploit, often before others, entrepreneurial opportunities.

## 4. Background Literature

Organisational entrepreneurship is the set of policies, processes, practices and decision making activities that provide a basis for the firm's entrepreneurial decisions and actions (Rauch, Wiklund, Lumpkin & Dess, 2009) and can be described using three generally accepted dimensions of a firm's entrepreneurial orientation (EO): proactivity, risk taking and innovativeness (Miller, 1983, 2011; Covin & Slevin 1989, 1991; Lumpkin & Dess, 1996). Until now, studies exploring firm level EO mostly investigate the role of firm level variables such as organisational structure and strategy while the role of TMT in determining firm entrepreneurship is often indicated but not expressly examined. For example, Barringer and Bluedorn's (1999) study of firm entrepreneurship, highlights the role of organizational flexibility, opportunity recognition, and the ability to measure, encourage and reward innovative, creative and risk taking behaviours. Building on the upper echelons theory of management, we argue that such capabilities and context are determined by the organization's top management and that they will be influenced by the individual level characteristics of TMT.

Individuals can differ widely in their capacity to be entrepreneurial. For example, some people are able to discover and exploit new business opportunities that remain hidden to others (Valliere, 2013), suggesting that opportunity recognition can be explained through differences in personality, creativity and utilization of social networks (Dyer, Gregersen & Christensen, 2008). Similarly, individuals differ in their appetites for risk

taking and evidence suggests that company innovation starts with creative ideas originated by individual entrepreneurs and teams (Baron & Tang, 2011). In addition, while innovations begin with ideas, individual social capital and political skills are necessary to achieve buy in, convince champions and win support for dissemination and implementation (Hargadon & Sutton, 2000).

We particularly highlight the role of TMT members' entrepreneurial alertness, level of managerial discretion (latitude of action) and political skill (capacity to persuade and motivate).

#### **4.1. Entrepreneurial Alertness and Political Skill**

Entrepreneurial Alertness (Kirzner, 1979) refers to an individual's ability to identify opportunities that are often overlooked by others. Alertness builds on a set of perceptual and interpretative skills (Gaglio & Katz, 2001) as alert individuals identify and interpret relationships between different interacting elements in the marketplace.

Entrepreneurial Alertness can be conceptualized through three complementary dimensions: "*scanning and searching for new information, connecting previously disparate information and evaluating whether the new information represents an opportunity*" (Tang et al, 2012:79). Alert scanning and searching enables individuals to develop their schemas (Busenitz, 1976), reflecting their cumulative knowledge and experience, their learning, meaning and beliefs about the external world. Alert evaluation enables an individual to judge the content of new information, filter unessential information and assess whether the new information fits into his framework and reflects any potential business opportunity either for himself or for a third party that has the right qualities (Baron, 2006; McMullen & Shepherd, 2006). Extending Valliere's (2013) suggestion that entrepreneurial alertness is not a rare quality possessed by special individuals but a mental framework or schema that can be learnt and enhanced over time (Gaglio & Katz, 2001:97), we argue that the TMT's alertness to entrepreneurial opportunities develops organisational schema or frameworks for examining the environment, contributing positively to organisational entrepreneurship.

H1: There is a positive relationship between top management team entrepreneurial alertness and firm level EO.

However, it is not enough for TMT members' to be alert and identify innovation opportunities as they must also have the capacity to overcome organizational barriers to innovation. Managers need to use leadership skills, such as political skill, to be able to create a common vision, negotiate, develop followership, motivate staff and build successful teams.

Political skill is the ability to convince and influence others around them (persuade, manipulate and negotiate according to Mintzberg, 1983) so they act and perform in a certain way that is useful for achieving their personal and/or organizational goals (Ferris et al, 1999). Such skill represents an individual's ability to understand others at work, to use such understanding to influence others to act in a certain way by combining social astuteness with the capacity to adjust his behaviour as required in a way that "*appears to be sincere, inspires support and trust and effectively influences and controls the responses of others*" (Ferris et al, 1999; Ferris et al, 2005:128) and to effectively develop, maintain and utilize social capital and networks (Phipps, 2011). It is a competency that can be developed through training and socialization (Ferris et al, 2002) but also has dispositional and personal ability antecedents (Ferris et al, 2007).

As such social capital is a source of competitive advantage for the entrepreneur, helping in the process of opportunity identification and evaluation, in obtaining resources and in establishing customer relationships (Lux, 2005), we expect TMT political skill to be positively related to firm level entrepreneurship.

H2: There is a positive relationship between top management team political skill and firm level EO.

#### **4.2. Managerial Discretion**

In addition to TMT members relying on their entrepreneurial competences and skills, they need to be able to overcome any constraints to their ability to exercise such competences, and such ability is called Managerial Discretion (Hambrick & Finkelstein, 1987).

Managerial discretion was developed as a concept to bridge the “upper echelons” theory, which attributes the performance outcomes of firms to the characteristics of their TMT. Managerial discretion refers to the freedom and empowerment that managers have to act, formulate strategic activities and influence the environment and their own job and to the “*extent to which managers take active roles in exercising independent and substantial sovereignty in changing the organizational structures, promoting customer values and building up premium services*” (Yan, Chong & Mak, 2010: 522). Managerial discretion can come from internal or external sources such as the task environment, the internal organization and the managerial characteristics (Hambrick & Finkelstein, 1987) and seems to be related to organizational outcomes, whether they are successes or failures (Peteraf & Reed, 2007).

H3: There is a positive relationship between top management team managerial discretion and firm level EO.

## **5. Methodology**

Self-administered questionnaires will be used to survey SMEs in four emerging Latin-American countries labelled the “Pacific Pumas” due to their historic and potential growth: Colombia, Chile, Peru and Mexico. The four countries recently started an economic integration process, similar to the EU but without monetary unification that, if successful, will make them the eighth economy of the world with over 210 million people.

Since upper echelons theory focuses on TMT rather than only on the CEO, and as management is a shared effort in which the coalition collectively shapes the organizational outputs (Finkelstein & Hambrick, 1990: 486), the CEO and two other TMT members from each of 25 small and medium sized companies from each country will be selected using convenience and snowball sampling. These will be supported by semi-structured interviews of 24-32 key informants.

## **6. Results and Implications**

This project is currently work in progress. Indicative results will be provided in the full paper.

## **Equity Crowdfunding: Implications of U.S. Legislation on Equity Based Financing and Capital Funding Networks**

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Key Words: Crowdfunding, Capital Funding, Equity Financing

## **Abstract**

**Track Title: Policy**

**Paper Title: Equity Crowdfunding: Implications of U.S. Legislation on Equity Based Financing and Capital Funding Networks**

### **Aim of Paper:**

The United States government passed the Jumpstart Our Business Start-ups (JOBS) Act on April 2012 with the proviso that the Securities and Exchange Commission (SEC) develop detailed guidelines for the implementation of the JOBS Act. Title II of the JOBS Act legalized equity crowdfunding in the United States and on October of 2013, the SEC provided detailed guidelines for equity funding and private placement activities. Within the same timeframe, thirteen individual states in the United States passed “intrastate” equity crowdfunding legislation. This paper discusses the architecture of the JOBS Act and provides a comparison of the individual state laws with regard to equity crowdfunding. Moreover, this study discusses the implications and future potential of both intrastate and interstate crowdfunding for the infusion of capital and funding of entrepreneurial ventures.

### **Background Literature**

Klemen, Voss and Reider (2008) and Lambert and Schweinbacher (2010) define crowdfunding as an Internet based venue, for the provision of financial resources either in the form of a donation or in exchange for a reward or/voting rights to support a variety of initiatives. Over the last few years crowdfunding has expanded to create a dynamic funding network which enable projects to be financed thru solicitation of small investments from a large base of potential backers (Zvilichovsky, Yael Inbar, and Ohad Barzilay, 2013) in exchange for tangible and intangible benefits (Breugre and Das, 2013). Equity crowdfunding has garnered more interest with the development of Internet portals for funding various ideas or projects (VooBRAAK, 2011) and raising significant capital (Bradford, 2012). These diverse Crowdfunding platforms enable participants, who are generally small investors, to become actors in innovative behavior and contributors to enterprises that discover and implement technology (Ordanini, Miceli, Pizzeli, and Parasuraman, 2011).

### **Methodology**

Although federal and state legislative changes are occurring in real time, the equity crowdfunding apparatus and its critical implications merit timely review. Our paper is comprised of three sections: (1) comparing traditional equity based financing regulations to the new federal JOBS Act; (2) discussing the state crowdfunding laws to the JOBS Act; and (3) discussing the implications and the potential of both intrastate and interstate crowdfunding for the infusion of capital and the funding of future entrepreneurial ventures.

### **Results and Implications**

The new federal and state rules in the U.S. have the potential to significantly increase the pool of potential investors available in the market and the options available to small companies seeking financing. The JOBS Act also brings securities regulation into the era of social networking and the Internet by enabling investment to occur through a more modern market which has the potential to be more efficient, reduce transaction costs, and expedite funding. Therefore, our conceptual paper concludes that crowdfunding has the potential to significantly impact the equity financing continuum in the United States, and create new capital funding networks in the United States and throughout the world. We recommend that that more data collection efforts be undertaken and that empirical research be conducted to test our propositions.

## **How Entrepreneurship Service Organizations Can Better Serve Immigrant Entrepreneurs**

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Key Words: Immigrant, economic development, community, nonprofit, social

### **Track Title**

Innovation

### **Paper Title**

How entrepreneurship service organizations can better service immigrant entrepreneurs

### **Aim of the Paper**

Introduce the model of Program Thrive and reviewing the review the results of two cycles of implementation

### **Background Literature**

Several recent studies have shown that first and second generation immigrants are among the United States' most active entrepreneurs (Liu, 2012; Hart & Acs, 2011; Tienda & Raijman, 2004). In large cities, like New York, immigrants make up 36 percent of the population and almost 50 percent of total self-employed (Bowles & Colton, 2007: 6).

Yet, the path to successful entrepreneurship for immigrants is littered with obstacles. Many of these are what Lichtenstein and Lyons (1996) have called "transaction barriers" – non-financial problems with the exchange in acquiring resources. These include challenges of language, differing culturally-based mores and expectations, a lack of understanding of new legal and financial systems and no credit history (Bowles & Colton, 2007). Other obstacles facing immigrant entrepreneurs involve a lack of the networks in their new environment essential to conducting business – financing networks, distribution channels, and so forth. This latter situation has caused some immigrant groups to attempt to replicate these networks in their own enclaves, which, while being sometimes beneficial in the short term, may actually perpetuate physical and economic isolation (Durr et al, 2000) resulting in a financial penalty to these entrepreneurs in the form of lost revenue due to heavy reliance on a co-ethnic market (Shinnar et al, 2011).

These obstacles to immigrant entrepreneurship are challenging, but they can be overcome with help. Providing this assistance is the role of the intermediary organizations found in most communities. These organizations are often referred to as entrepreneurship service organizations (ESOs). They may be private, public or nonprofit in their legal structure, but they are most often organized as not-for-profit entities. Their chief function is to provide technical and/or financial assistance to entrepreneurs to help them start, grow, and sustain their businesses.

ESOs take many forms; among these are small business development centers (SBDCs), business incubators, micro-lending and microenterprise programs, neighborhood economic development corporations, SCORE chapters, and business outreach centers (BOCs), to name only a few. Most of these organizations make their services available to all entrepreneurs in their catchment areas. For some, the fact that they are located in predominantly immigrant communities automatically makes their focus immigrant entrepreneurship. For others this is an emerging specialization brought about by increased public interest in and support for this activity. Either way, in the process of business development, these ESOs help immigrant entrepreneurs to overcome the transaction barriers and the networking challenges they face, that are noted above.

Because of the importance of immigrant entrepreneurship to the U.S. economy and the key role of ESOs in helping these entrepreneurs succeed, the related questions of how effective the ESOs actually are and how they might become more effective are important to examine. While little or no research has been conducted regarding the formal assistance of immigrant entrepreneurs, over the past decade or so, a literature exploring general ESO efficacy has emerged. The consensus seems to be that ESOs, while helpful, are not nearly as effective and efficient as they could be in providing help to their client entrepreneurs.

More specifically, a review of this small literature reveals the following shortcomings of the current approach by ESOs:

1. Service delivery is supply driven; not demand driven.
2. Over-emphasis on service delivery as opposed to development.
3. An over-emphasis on the business at the expense of the entrepreneur.
4. A limited focus on innovation.
5. A lack of business entrepreneurship acumen.
6. A lack of business acumen.
7. Having a limited impact.
8. The lack of "successful practice" knowledge.

All of this suggests that an intervention is needed to help ESOs to become more innovative, more responsive to client entrepreneurs' needs, better focused, more effective, and more sustainable. This is no less true for ESOs that serve immigrant entrepreneurs, whose needs are at once broader and more specific. Such an intervention must be both creative and innovative. It must capture the attention of ESOs, offer them incentive to participate, and foster in them the same kinds of thinking and acting expected of their client entrepreneurs.

### **Methodology**

One such intervention is the business plan competition, which has been employed as a teaching tool by entrepreneurship programs in business schools for many years. While there is some debate about whether or not business plans are essential to the success of young companies (Lange et al, 2007), there is a broad consensus that business plan competitions offer several benefits to the entrepreneurs who participate in them. Among these are entrepreneurship skill building, access to beneficial networks, free mentoring or consulting advice, an opportunity for reflection on performance, improved risk management and confidence building (Hurst, 2000; Byrne, 2002; Russell et al, 2008).

Typically, business plan competitions have been the purview of business schools, with a focus on developing student entrepreneurs and their businesses. However, a newer trend has seen the use of this tool by communities to stimulate entrepreneurial activity among their residents as an economic development strategy. A unique approach to this kind of intervention is illustrated by the case of Competition THRIVE (the Competition to Help Reach Immigrant Ventures and Entrepreneurs) in New York City.

Competition Thrive is a unique competition to develop innovative strategies and programs that assist New York immigrant entrepreneurs and help them to success in business.

### **Results and Implications**

The New York City Economic Development Corporation (NYCEDC) functions as a semi-autonomous city agency for the purpose of supporting economic development. In January 2011, NYCEDC made a presentation to community-based organizations (CBOs) that promote economic development in their communities. The presentation stressed the importance of entrepreneurship in immigrant communities and solicited these CBOs to meet a challenge to develop programs that are financially sustainable, scalable across communities, and have significant economic impact. The NYCEDC issued a formal Request for Proposals (RFP) for such programs.

Beginning in 2010, the staff of the Deutsche Bank Americas Foundation (DBAF), the philanthropic arm of the global bank, began to explore options for supporting immigrant entrepreneurship in New York. When exploring this subject they came across information about the NESTA Big Green Challenge program in the U.K. In 2010, they considered making \$250,000 grants to two credit unions which would use the funds to make equity investments in small and start-up entrepreneurial ventures owned by immigrants.

January 2011, Arti Trehan and Sam Marks of DBAF met with Dara Nussbaum-Vasquez of NYCEDC to discuss the topic of immigrant entrepreneurship in New York. NYCEDC provided further information using the above about the critical role that immigrants play in New York economic development. With an agreement as to the importance of this issue, the two sides forged a plan to run a NESTA-style competition among CBOs. DBAF committed \$100,000 and NYCEDC contributed \$250,000 to fund such a program. In March of 2011, the partnership between NYCEDC and DBAF was announced.

The Lawrence N. Field Center for Entrepreneurship at Baruch College responded to the RFP and won the award to run the program (Competition Thrive). The staff at the NYCEDC reported that Baruch's expertise in the areas of entrepreneurship development programs and immigrant entrepreneurship were important factors in awarding Baruch the contract.

The first competition was a success with the Queens Economic Development Corporation winning the \$100,000 first prize for a Chinese language-training program for home improvement contractors to take the licensing exam. 100% of the participants who took the exam passed. This program has since run several times in Chinese as well as Spanish.

A decision was made to repeat Competition Thrive in 2012-1013 with Baruch College continuing in its position as the program manager. Some minor changes were made to the request for proposals with a new focus on seeking out innovative approaches to serving immigrant entrepreneurs. Additional funding was provided by Western Union and the Garfield Foundation and two prizes were awarded. The community-based organization CAMBA Small Business Services won a \$150,000 first prize for developing and conducting a course for immigrant and low-income entrepreneurs to use tablet-based technology to transform their cash-and-carry businesses into bankable businesses.

## **Local Lending, a Way Forward to SMEs' Credit Access? An Italian Perspective.**

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Key Words: SMEs, Co-operative Bank, District, Cluster, Credit

## **Track Title**

Policy

## **Paper Title**

Local Lending, a Way Forward to SMEs Credit Access? An Italian Perspective.

## **Aim of the Paper**

SMEs represent around 99% of all businesses within the European Union and their contribution to the economic sustainability and wealth is considered relevant. SMEs' access to finance assumes relevance in the context of development and innovation. (e.g. European Central Bank, 2013 and European Commission, 2011) This paper aims to explore the effectiveness that clustering has on an industrial fabric and the importance that local banking might have within this context. The research attempts to highlight how Co-operative banks might be effective as local banking entities favouring local synergies to increase SMEs' ability to access credit and thus contributing to the wealth of a national economy. This research contribution is to propose an innovation of the Italian Co-operative Banking System (BCC) with the aim to increase local and regional coverage by creating a formal link between BCCs and CONFIDI guarantee societies towards risk sharing to credit and cost reduction to lending for SMEs. The importance that co-operative banks have on SMEs' access to credit finds its support at European Union level where the European Association of Cooperative Banks (EACB, 2011) stresses the importance that this type institution has towards SMEs and economic development.

## **Background Literature**

"A cluster can be broadly defined as a group of firms, related economic actors, and institutions that are located near each other and have reached a sufficient scale to develop specialised expertise, services, resources, suppliers and skills." (Commission of European Communities, 2008 pg.2) Porter (1990) underlines how clusters are able to enhance innovation and information flows, to exploit new opportunities, to invest and specialise and to encourage new entrances, research, development, and differentiation. (Porter, 1990 pg.151) The importance of synergic actions, underscored by the 'proximity' element, is recognised as a favourable element towards industries' linkages leading towards sustainability, innovation and local development. (e.g. Porter, 1990 and Solvell, 2008). Porter (1990, pg.72), through the application of the 'diamond' model highlights four main areas to include vertical and horizontal integration, and underlines the importance that policies have towards economic development. Solvell (2008, pg.12) indicates that different 'actors' play a vital role "on the cluster stage". These include not only public entities, to favour local policies, and academic institutions, to promote research and innovation, but also 'financial systems' and industries to include banks and SMEs respectively. (Solvell, 2008 and Boja, 2011) The importance of clusters, as element to economic development, is recognised by the European Union through the Community Strategic Guidelines on Cohesion, where 'member states' are guided to formally identify 'clusters' and to recognise SMEs' relevance to economic sustainability and wealth. (Commission of European Communities, 2008 pg.3-4 and Porter, 1990)

## **Methodology**

The research methodology follows the phenomenological paradigm and the approach to the study is inductive. The qualitative methodology is based on the analysis of multiple secondary data. A single-case study strategy with "embedded multiple units of analysis" (Yin, 2009 pg.46) allows to understand the nature of the phenomena by means of social entities' exploration, to inductively discover embedded elements and, encapsulate the essence of the research problem in an attempt to generate and suggest new possible approaches. (Yin, 1989; Merriam, 1998 and Bryman and Bell, 2011). Stratified random sampling is the basis of population' selection (Schutt, 2012). Italy is selected on the basis of a highly SMEs concentration with a total SMEs' share of 99.9% of which 94.4% micro-entities (European Commission, 2013). SMEs, contribute substantially to the country's turnover, production, added value and labour force. (e.g. European Commission, 2013) The industrial sector accounts for 40.5% (including manufacturing) of the whole Italian economic system (ISTAT, 2012) and the system is based on industrial districts regulated by country legislation (legislation n.317/91 art.36 of 1991 revised 1999) aiming at favouring synergies within the territory. Furthermore, SMEs' share is significant, particularly within the manufacturing sector (Istituto G. Tagliacarne, 2012), if compared to major European Union economies such as United Kingdom and Germany (European Commission, 2013). Primary data, underpinned by a survey based approach, strives to add SMEs perspectives on access to credit and to test the validity of the proposed model constructed on the basis of secondary data. The survey is to gather further evidence on SMEs' access to credit perspective, through a descriptive survey, based on stratified sampling (Gill and Johnson, 2010) Following stratified random sampling, the Venetian region is selected due to a high sector specialisation and number of 'districts' classification. The selection is representative of all sectors (Carminati, 2006). The analytical technique to probe data, is the data display inductive approach, where information is aggregated, following 'iterations' display data, in the form of 'networks' or 'matrices'. (Saunders et al, 2009 and Miles and Huberman, 1994)

The coding process, based on the analysis of primary and secondary data, through a 'descriptive and evaluating' coding approach enables to categorise data and to draw themes. This methodology allows to summarize and evaluate information in order to draw patterns which can therefore be displayed in the form of matrices and/or networks. (Miles et al, 2013 and Saldana, 2013) The issue of subjectivity and reliability is addressed by using official sources representative of a variety of publications, both "area based", "time series based", and by "survey" (Saunders et al, 2009 pg.258-259).

### **Results and Implications**

The research is to develop in an Italian context where the system is based on industrial clusters/districts which favour synergies within the territory. There are 172 districts in Italy, distributed within 13 regions. The evidence suggests that their value added contribution at national level is of 27% with a 38% arising from the industry sector. In respect to employment, districts contribute for 25.4% nationally; 39% out of the 25.4% total is to be allocated to the manufacturing sector. (Fortis, 2006 cited Carminati, 2006 pg.7 and ISTAT, 2005 cited Carminati, 2006 pg.7) Extant literature indicates that clustering promotes synergies and enables local development. The study highlights, in line with the Solvell (2008) concept, how access to credit is significant in enabling businesses to survive and compete. The Italian financing system is characterised by an established Co-operative banking system (Banche cooperative - BCC), accounting for an average total of about 59% of banks' branches; 48% of SMEs apply through this channel. (ISTAT, 2011 and Euricse, 2011) The CONFIDI as mutual loan guarantee societies, governed by a National Law (no. 326 of 2003 revised art. 10 - 141/2010), assume importance to SMEs' application to credit. (Banca d'Italia, 2011; Camera di Commercio Industria Artigianato Agricoltura di Torino, 2010; Banca D'Italia, 2011) The research however underlines that SMEs consider access to credit both inadequate and costly (e.g. Unioncamere Emilia-Romagna, 2011). The inference which arises is a negative effect on businesses ability to survive in fact, as the evidence suggests, a high number of closures and defaults are being registered (Cerved Group, 2013 and ilSole24ore, 10 April 2013) Furthermore, SMEs' application to CONFIDI is decreasing due to the cost element linked to the service provided and to "not considering strategic the role of such entities" (Unioncamere Emilia-Romagna, 2011 pg.50). The implication is a negative effect on the number of Confidi's, which are steadily declining creating a gap in the credit service to SMEs thus generating an opportunity to innovate. (Camera di Commercio Industria Artigianato Agricoltura di Torino, 2010; Banca D'Italia, 2011; Unioncamere Camera di Commercio D'Italia, 2009 and Unioncamere Emilia-Romagna, 2011)

# **Entrepreneurial Information Search on Social Media: The effect of personality traits and Ease of Operations**

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Key words: entrepreneurial information search, personality traits, social media

## **Track: Small Business Management**

### **Title: Entrepreneurial Information Search on Social Media: The Effect of Personality Traits and Ease of Operations**

#### **Aim of the Paper**

Previous studies on social media use suggest personality traits, and ease of use to be important determinants for social media use. Drawing on these previous research findings, this study explores how these factors relate to the performance of specific entrepreneurial search behaviors – observing, questioning, idea networking, and experimenting – on social media.

#### **Background Literature**

Entrepreneurs engaged in opportunity development often deal with new and ill-defined product concepts. The context of use, and commercial exploitation are still poorly understood. To decide on which course of action to follow, entrepreneurs need to take on the role as information seeker and processor for acquiring market information that facilitates decision-making. Previous studies indicate that four information search behaviors are useful for opportunity development: (1) observing (2) questioning (3) idea networking and (4) experimenting (Dyer et al., 2008). Observing refers to entrepreneurs sensing the world around them and paying attention to everyday experiences to find new ideas. Questioning is associated with asking questions. Idea networking involves finding and testing ideas with a network of individuals that differ in background and perspective. Experimenting refers to how entrepreneurs test and explore the world with a hypothesis-testing mindset.

Recently, technological innovations have given rise to a myriad of Internet applications, known as social media. These emergent social tools have created a new information landscape that provides opportunities to entrepreneurs for conducting the search behaviors. To elaborate, millions of people around the globe use social media to share their ideas, problems, knowledge and experiences. This enables entrepreneurs to listen-in into socially generated knowledge (De Valck, van Bruggen, & Wierenga, 2009; Moor & Weignand, 2005), and to build understanding of customer problems and needs. Furthermore, social media populations are diverse, and consist of people from differing geographic locations, backgrounds, beliefs, motivations and expertise. Tapping-into this knowledge and actively participating in these online conversations facilitates collective creativity - social interactions trigger new interpretations and new discoveries that entrepreneur's "thinking alone", could not have generated (Kozinets, 2008). Furthermore, individuals with a common interest gather on specific social media platforms. This allows for targeting a specific population that may serve as a platform for asking questions and for gathering feedback on ideas.

Social media, however, differ from traditional sources (Chai, Potdar & Dillon, 2009). Not all entrepreneurs may find these media easy to use for opportunity development. As with other new technologies, effective use depends on user's acceptance that is affected by the technologies' ease of use (Davis, 1989; Nov & Ye, 2008). When entrepreneurs perceive the performance benefits of social media usage to be outweighed by the effort of using the media, they will discard it. Even when entrepreneurs do believe social media to be beneficial and easy to use, they may not feel comfortable in using these media, because of their personality traits.

Personality traits are enduring tendencies to think, feel, and behave in consistent ways (Allik & McCrae 2002). According to the five factor model (Goldberg, 1990), individuals vary on five personality dimensions: conscientiousness, extraversion, emotional stability, agreeableness and openness to experience. Previous studies have shown that specific personality traits relate to the frequency of use, preference for specific social media features, and the activities individuals perform on these media (Ryan & Xenos, 2011). To elaborate, conscientious, and emotional unstable individuals are less inclined to use the Internet and other forms of computer-media-communication media, such as social media (Ross et al., 2009; Swickert et al., 2002). Extraverted individuals on the other hand, are found to be heavy users of social media (Correa, Hinsley & Zuniga, 2010). Extraverts use these media to seek out social contact, and are more engaged during online social experience (Gosling, Augustine, Vazire, Holtman & Gaddis, 2011).

Numerous studies have investigate the influence of entrepreneurial traits on the development of entrepreneurial opportunities, and on the information sources entrepreneurs use during opportunity development process. Few studies have combined these two areas, and have included social media as a viable information source. The present study attempts to address this gap by (1) assessing to what extent entrepreneurs perform the entrepreneurial search behaviors on social media, (2) to what extent they find social media easy to use, and (3) investigate the effect of entrepreneurs' personality traits, and social media ease of use on the performance of the search behaviors on social media.

#### **Methodology**

To empirically examine the relationships between the constructs - personality traits, information search behaviors, and social media ease of operations - we collected data by means of a questionnaire. The sample for this study consisted of 77 entrepreneurs that participated in a business accelerator program offered by a

Dutch high-tech incubator. For measuring the four information acquisition behaviors Dyers et al.'s (2008) items were adopted. All items were reformulated to fit the social media context of this study. Entrepreneurs' social media use was measured by asking entrepreneurs to rate how often they have used thirteen social media applications. To measure entrepreneur's personality traits the Mini-Markers, a short-form of Goldberg's (1992) unipolar lexical big-five measure was selected (Thompson 2008). To measure the extent to which entrepreneurs find social media easy to use, Lee's et al. (2002) scale was adopted and reformulated to fit the social media context.

### **Results and Implications**

Nascent entrepreneurs often operate under severe resource constraints, and lack the infrastructure to adequately collect the information they need (McGee & Sawyerr, 2003; Parry & Song, 2010). We suggested social media to be a viable information source for providing entrepreneurs with information relevant for opportunity development process. Overall, the study findings reveal that entrepreneurs do not fully exploit social media as an information source. Ease of use was found to be an important predictor for the performance of the search behaviors. However, only 25 percent of the sample indicated social media easy to use. This low score could be a first sign that entrepreneurs may perceive social media as information sources that require different information acquisition skills than the information sources they commonly employ, such as conferences and personal contacts (Lang et al. 1997; Peters & Brush 1996). Also, the results indicate that entrepreneurial personality traits are related to the performance of information search behaviors on social media. To elaborate, the personality trait emotional stability positively influences observing behavior, extraversion positively effects experimenting and openness-to-experience negatively impacts experimenting behavior. These results imply that personality traits and ease of use determine whether entrepreneurs employ specific types of information sources for opportunity development.

**Sound Value: Music Enterprise Models in the Canadian Music Industry**

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**Key Words: Entrepreneurship, Music Venture, Value Creation, Cultural Production, Emerging Models**

**Abstract:****Track Title:** Different Context**Paper Title:** Sound Value: Music Enterprise Models in the Canadian Music Industry**Aim of the Paper:** Based on a case analysis, to propose and rationalize a novel, sustainable model for music entrepreneurship based on a value creation theory rather than the value engineering theory that dominated the music industry heretofore.**Background Literature:**

Music industry statistics provide overwhelming evidence that Canadian and global music industries have undergone significant and paradigm shifting transformations in operational strategies that affect all stakeholders -- fans, artists, traditional labels, the entire music supply chain. The value engineering approach favoured by the traditional industry, designed for an emphasis on controlling efficiency, costs, creativity, and creators, led to its demise. In contrast, value creation essentials offer enterprising artists a method to build a sustainable and scalable career, and excellent product and processes that engage and build community. Universal opportunities emerging in digital music, music streaming, online radio, social media, and music licensing have truncated the consumer supply chain from artist to fan. The hallmarks of value creation -- intentional design, creativity, and inclusion are embraced in the act of creating value and profitability. Musical copyright and intellectual property retention position DIY models as the ideal standard for Canadian music entrepreneurs.

**Introduction to the Project – Facing Catastrophic Failure Head On**

Over the past thirteen years, the traditional Canadian and global music industry have undergone significant and paradigm shifting transformations that are continuously forcing major changes to the operational strategies of any entity operating within the industry ecosystem. For example, as the profitability of the entire music industry declined, the financial profitability of music's 'big four' label oligopoly: Sony/BMG, Warner, EMI, and Universal; has declined at an alarming rate (IFPI publishes global music market shares, 2004). Blind-sided by fundamental economic and marketing environment changes that they were ill-prepared to manage, labels have been forced to transition to managing a catalogue of music assets and existing artist works rather than identifying promising talent, the diversification of operations based on innovative practices, or new product development.

Aside from the wholesale 2007 Global Financial Crisis triggered by US financial and economic activities, there are few examples of business practices systemically designed for catastrophic failure as those adopted by the music industry. Borrowed from the field of forensic engineering, catastrophic failure is a term that describes the sudden and total failure of a system from which recovery is impossible (Kelman & Pooly, 2004). It is a challenge to identify another instance, for example, in the modern free market business milieu where key industry influencers, through both lack of ability and intentional design, simply failed to engage sustainable market practices. Further, there are few examples in the modern context where well-known and potentially destabilizing market conditions, coupled with ignoring basic value creation principles, demonstrate the demise of an entire industry ecosystem so spectacularly.

Kelman and Pooly (2004) note that catastrophic failures often lead to a cascading systems failure. While context is examined in the paper, this analysis contrasts the 'value engineering' approach the industry unapologetically utilizes with sustainable Do-It-Yourself (DIY) value creation practices that emerging music entrepreneurs are adopting. Value engineering is an acontextual economic method that optimizes product value by controlling cost factors.

The paper does not propose to repair, nor replicate, the cascading sequence of failures from which the industry will likely never recover. Rather, it seeks to reframe value and its creation given the premise that the product and process of producing music is a human and creative act. This act contributes real economic value and creates sustainable growth through explicit value intention, opportunity identification and community engagement. Industry statistics, historical trends, and research from the music industry's operational strategies illuminate both past and emerging enterprise practices.

## On Value Creation

At the heart of any enterprise is the need to build value. Value creation at its core is about process and product and the ability to implement sustainable long-term value creation with other creators, audiences, employees, society, and investors in a competitive environment (Chopp & Paglia, 2002; O'Malley, n.d.). These groups are inextricably linked. Building sustainable value for one group at the expense of the other compromises both value and customer/audience engagement. Particularly damaging, is when strategic decisions and practices privilege investor returns over product, process, customers and society. In an industry that creates products which have intrinsic human, creative, emotional and relationship elements, value erodes when it is systemically neglected, marginalized, exploited or abused. Not surprisingly, when viable alternatives emerge, they are engaged with vigor.

## The Absence of Value & the Emergence of Sustainable Entrepreneurial Practices

The fall of record labels combined with the emergence of digital music, streaming services, and social media has made it possible to truncate an artist's supply chain from production to consumption. These tools have made it much simpler for bands to control their own music releases, intellectual property, promotion, and brand management.

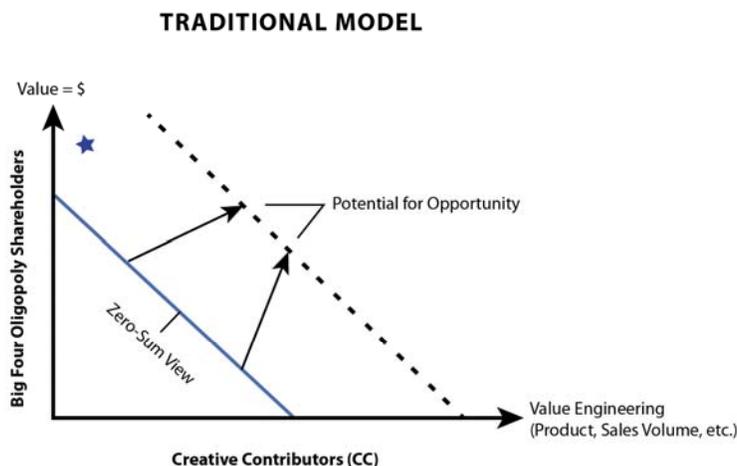
Affordable technological advancements in music sharing, production, and equipment have democratized the production of tracks—as conventional recording studios are no longer a necessity (Knopper, 2009, P. 246). Do-It Yourself (DIY) production has created a number of exciting enterprise opportunities for music entrepreneurs (i.e., artists, bands, producers, songwriters, promoters, music festival organizers, etc); however, there is little research surrounding implementation variables from emerging enterprise practices.

**Methodology:** Case analysis and economic modeling

## Traditional Music Engineers Limited Value

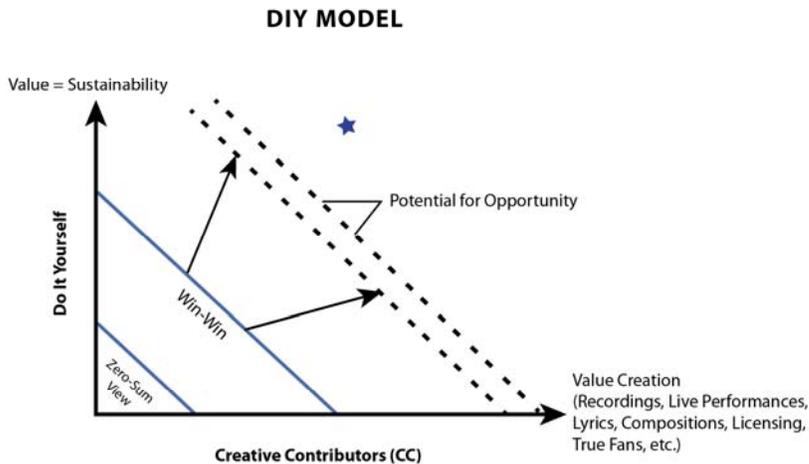
There was no compelling need in the music industry as it was established to adopt a 'Creation of Value' vs. a 'Value Engineering' model for business. One might even argue that the value engineering approach was valid for the music industry prior to the mid-70s, when music production outcomes were based on album sales and radio play in pre-global markets.

Being opportunistic often focused solely on identifying and developing new artists and songs. In this context, product (—be it recorded works or live performance) and sales volumes, for example, as a tried-and-true business tangibles generated profit and build the industry prior to digital commerce. However, this narrow approach, powerfully reinforced by financial accounting systems, efficient costing, shareholder emphasis, and business practices that ensured disproportionate value and profits to the labels, contributed to the need to hold to the zero-sum thinking present and then entrenched during the monumental change the industry experienced in 1999 (Figure 1).



## DIY - Value by Any Means Necessary

The new DIY model is a market-driven response which is both opportunistic -- adopting new and interesting combinations of emerging tools, and emphasizes sustainable career development over meteoric sales (-- which may be a desired, but not assumed outcome). The creation of value for this music enterprise orientation includes tangibles and harder to quantify assets such as human capital and innovative ideas. Value creation includes true fans, creative contributors, and brand relationships, radically transforming the potential for total value generated by enterprising artists. A hallmark of the DIY approach is inclusion, participation and the creation of win-win relationships (Figure 2).

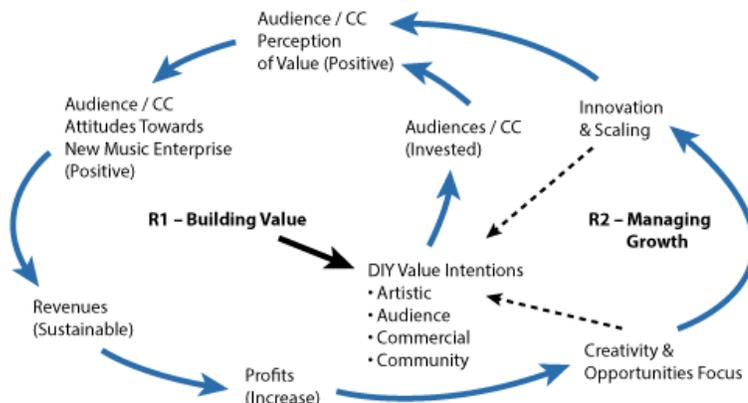


## Results and Implications:

Our industry research and case study evidence supports the hypothesis that well executed DIY models will be far more sustainable and profitable for most music stakeholders than the traditional model. With DIY, artists' creation of value, both products and processes, are framed and directed through authentic and unique value intention.

Artists can craft, maintain, and grow sustainable careers in any way they choose. There is no single formulaic way for a DIY artist to scale; however, many variables (See Figure 4 on the following page) are known and well understood by pioneers of the new music economy. DIY creates an authenticity in execution which encourages artists to integrate human relationships and maintains creative elements which add value in and of themselves. Strong audience relationships create positive consumer attitudes and increase the perception of value for DIY artists. In turn, improved perceptions of products and processes create considerable value creation opportunities. These opportunities allow artists to define their scaling initiatives and strategically craft the sustainable career model of their choosing.

## DIY INNOVATION MODEL (CREATION OF VALUE)



# **Women Entrepreneurship in Cross-Country Studies: Insights from a Literature Review**

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**Keywords:** women, entrepreneurship, multi-country, literature review

**Track:** Gender

**Paper title:** Women Entrepreneurship in Cross-Country Studies: Insights from a Literature Review

## **Aim**

There is a growing body of cross-country studies on women entrepreneurship aiming to provide cues for policy intervention. However, less attention has been given to a systematic assessment of the cumulative knowledge provided by these studies. This is the gap that this study will cover. Furthermore, it will analyse how those multi-country articles which compare women in developed and developing economies deal with the fact that social realities vary widely in these two contexts. Furthermore, we consider that it is interesting to highlight both quality issues and future avenues of research.

## **Theoretical background**

Entrepreneurship is related to economic development by governments all around the globe. In 2012, according to GEM data, an estimated 126 million women are running new businesses and an additional 98 million are running established businesses (Brush, 2013). These women are creating work for themselves and others and innovating in their product and services. Patterns of women's venture creation are stable in most economies with participation across all industry sectors and in many countries entrepreneurial intentions are rising among women. Therefore, this is a global and diversified phenomenon that deserves in-depth analysis for a comprehensive understanding. As Warnecke (2013) posits it "as female entrepreneurial activity has risen in many countries around the world, it is important to acknowledge the diversity of such activity and the ways it does (or does not) correspond to an increase in human freedom".

In this line, research in entrepreneurship has been interested in the explaining gender differences in rates of self-employment and business success since late 70s. Recently, there is a growing concern in women's entrepreneurship about the need to develop research in which context (at the micro, meso and macro level) is related to women's entrepreneurial activities - and, preferably which acknowledges that gender is socially constructed, that is, focusing on how gender is done- (Brush et al., Achtenhagen and Tilmar, 2013; Welter et al, 2013). However, previous literature is focused mainly in developed countries, mainly Anglo-Saxon (De Vita et al, 2013), assuming that both the drivers of entrepreneurial propensity and the barriers or enablers of women's entrepreneurship success are universal. Therefore, international comparisons remain limited (Kobeissi, 2010). Nevertheless, it is a reality that, especially in developing and Third World countries, unfavourable conditions in local regulatory, normative, and cognitive systems place additional questions on women who desire to become entrepreneurs or to expand an entrepreneurial business. But, we should not generalize this fact, since GEM data also finds that, for the first time, it is in these former type of economies (Panama, Thailand, Ghana, Ecuador, Nigeria, Mexico and Uganda) where the rate of women's start-up was slightly higher or equal to that of men (Brush, 2013).

In the last decade there had been different literature reviews on women's entrepreneurship (see Jennings and Brush, 2013 for a review). Among them, one in particular (De Vita et al, 2013) focus on the role of female entrepreneurship in emerging economies and the relevance of immigrant female entrepreneurs in developed countries, taking into account the importance of these two issues and the existing gap of systematization in the findings. The current review contributes differently to the literature, since recognizing the importance of women entrepreneurs in developing countries, we pretend to carry out a systematic analysis of multi-country studies.

In line with Hughes et al (2012) who observe that "a great deal of research collaboration remains firmly rooted within national boundaries", we consider that "hopefully, the future will see growing and deepening networks of transnational collaboration and exchange, as we believe this is a "new direction" and "road less travelled" that can immeasurably enrich our collective work". Also Kyro (2006) promotes networking benchmarking as a special kind of action research approach which can offer a large range of opportunities for co-operation within the field of entrepreneurship data gathering.

## Methodology

For the literature review, data were collected from the Scopus database in January 2014. Publications were collected using the search string Gender OR women AND entrepreneurship OR business-ownership AND cross-country OR multi-country OR countries, resulting in 194 entries. Reviewing them, only 72 meet the established criteria. We decided to use the Scopus database because it has broader data coverage than ISI database, which has stricter methodological criteria for database coverage.

Caccace et al (2013) propose the following generic quality criteria for cross-country comparisons: (1) appropriate use of theory, (2) explicit selection of comparator countries, (3) rigour of the comparative design, (4) attention to the complexity of cross-national comparison, (5) rigour of the research methods, and (6) contribution to knowledge. These criteria will be used in the literature review.

## Results and Implications

In quantitative terms, there has been a clear tendency towards a growth in the number of this type of research (14 in 2013, 11 in 2012, 8 in 2011, 7 in 2010, 4 in 2009, 4 in 2008, 8 in 2007, 4 in 2006, 6 in 2005 and 6 prior to 2000). The journal which appears above others in the number of publications is *Small Business Economics* (10), other with a lower number of publications are *ETP* (3), *IJEB&R* (3) and *ERD* (3).

With regards to a qualitative analysis (that would be further developed), it can be observed that many of the studies use the GEM database. When researching within developed countries, or both types of countries, normally research delves with individual and country (institutional) drivers of entrepreneurial activity in its different stages (intention-latency; nascent, established). When researching countries in developing economies, a common issue is the informal sector. The majority of the studies do not highlight the theoretical background in the abstract but, when stated, institutional theory is the most used.

This study should help raise awareness of the growing importance of this type of research. Policy makers in countries where there are cultural barriers for women entrepreneurship can detect them and act in consequence. An international comparison permits the identification of common approaches and best practices for women entrepreneurship policy. That is, research can help identify how diverse elements work together making up initiatives that could be used elsewhere or not. Since, it is also important to explore their potential variability across stages of economic development in order to implement an effective incentive structure to promote women's entrepreneurship. For example, according to the findings by Morales and Holtschlag (2013), the efficacy of public policies to promote entrepreneurial activity could be overshadowed by more deeply-rooted cultural orientations, such as postmaterialism values (autonomy, self-expression, fulfillment of personal goals). Other factors that could improve women experience in entrepreneurship raising their productivity and, in turn, the prosperity of the entire population of the country are: strengthening the property rights of women (to have collateral), increasing their institutional presence and providing greater economic empowerment of all women (Muntean 2013). Also receiving formal and/or informal entrepreneurial education and training increases the propensity of both genders to start a business (Tominc and Rebernik, 2012). Increasing institutional presence would also be of much help, since lower perceptions of entrepreneurial capabilities and fear of failure may be institutionally explained by the fact that entrepreneurship in many countries and industries is male-dominated and there are fewer female role models and when engaging in entrepreneurship they are breaking a gender barrier.

Besides this, the study pinpoint the need for improving data collection since there is no comparable data across countries on variables of interest, such as the number of female-founded businesses or expenses in child care support (Muntean, 2013).

In sum, the main contribution of this research is making visible the cross-country literature on the expansion of women's entrepreneurship world-wide, the challenges and contributions. This study should also be helpful for those planning, undertaking, or commissioning cross-country comparative research.

## **Ecoinnovation: insights from a literature review**

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**Keywords:** systematic literature review, eco-innovation, drivers

**Track Title:** Sustainability

**Paper Title:** Ecoinnovation: insights from a literature review

**Aim of the Paper:**

Eco-innovation is still a young area of research; however it has concealed increasing concern from policy makers, academics and practitioners. The aim of this study is to provide an overview of the existing body of literature on eco-innovations, and identify the most relevant publications in the field and the topics of interest.

### **Background Literature**

Ecoinnovations are those innovations whose environmental impact is smaller than other relevant alternatives. Nowadays firms attempt to be more socially responsible either by external pressures such as stricter governmental regulation and stakeholders or by the recognition that it can lead to a competitive advantage and increased performance through cost reduction and/or improved reputation. As stated, there is a growing importance of eco-innovation for policy in order to make better use of natural resources and reduce the ecological footprint.

The importance in the phenomenon at practical and political level has resulted in eco-innovation being an issue of increasing concern for academia. In the past ten years, many studies have been undertaken to analyse the drivers, characteristics and effects of eco-innovation, improving our understanding (Kemp and Oltra, 2011). Despite this, “environmental innovation research is still in its early phase” (Andersen, 2008: 3).

There are four different notions/terms used in the literature to describe innovations that have a reduced negative impact on the environment: ‘green’, ‘eco’, ‘environmental’ and ‘sustainable’. We discuss the subtle differences in meanings and justify our focus on eco-innovation. And a recent bibliographical analysis finds out that “the studies related to eco-innovation are still preliminary and that the subject lacks specific research with empirical data from survey and in-depth case studies” (Maçaneiro, da Cunha and Balbinot, 2013: 179). But, “research is still strong on eco-innovation rather than on innovation from a triple bottom line perspective (economic, social, and environmental dimension), that is, SOIs of SMEs” (Klewitz and Hansen, 2013).

Besides this, to our knowledge, there are few literature reviews in this field of research (Klewitz and Hansen, 2013; Schiederig, Tietzer and Herstatt, 2012; Berkhout, 2011; Kemp and Oltra, 2011; Kemp 2010). For example Klewitz and Hansen (2013) review has a focus on the innovation practices including different types of SOIs (Sustainable Oriented Innovations) and strategic sustainability behaviors of SMEs. Our focus is on framing the multilevel structure of eco-innovation drivers and, within the literature review, systematizing the findings within this theme.

### **Methodology**

For the literature review, data were collected from the Scopus database in November 2013. Publications were collected using the search string ‘eco innovation’, include ‘all’ published articles in this field within the “Social Sciences and Humanities discipline”. Our total dataset includes 133 publications which are articles. We decided to use the Scopus database because it has broader data coverage than ISI database, which has stricter methodological criteria for database coverage.

However, we also compared the data we extracted from the Scopus database with data extracted from the Thomson ISI Web of Knowledge database selecting the “Social Sciences” research domain. The comparison of the Scopus data (134 results) with the data extracted from the ISI database (75 results, 51 when counting only articles) results reveals that 7 articles were added to the database, summing up in total 141 articles.

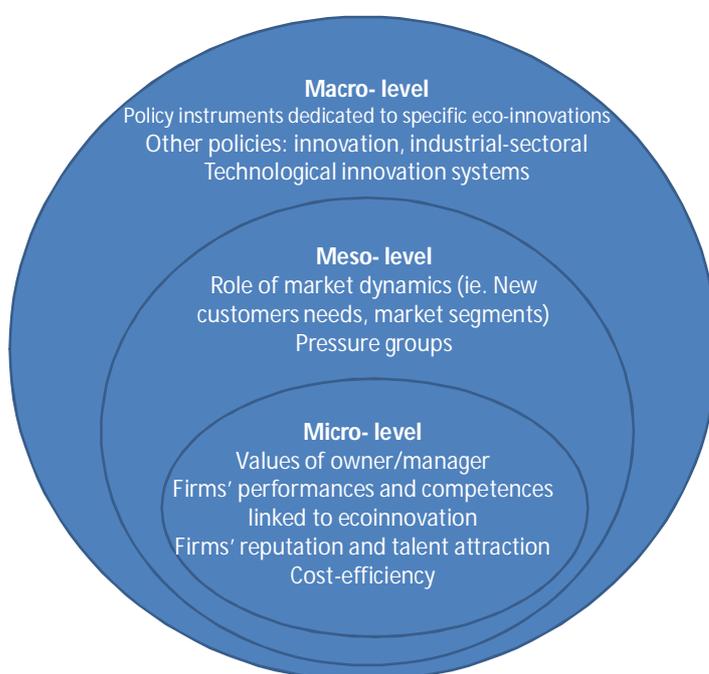
### **Results and Implications**

From a numerical analysis of them, it can be observed that there is a clear increase in the relevance of this issue within academia. However, in line with Klewitz and Hansen (2013), we find out that research on eco-innovation is spread across different journals and many of them national journals with no diffusion within the global academic community.

From a thematic point of view, the topics of the articles were checked in order to analyse trends in research.

The country/ies studied are also taken into account, since one area in which “more work should be done is eco-innovation in developing countries and newly industrialized countries. The field of ecoinnovation studies is dominated by contributions from especially the USA and Europe. Europe. As the studies of this special issue show, eco-innovation is context-specific which is why we need research from those countries, by researchers from those countries who understand the broader context and societal processes in which eco-innovation is embedded.” (Kemp and Oltra, 2011: 252).

Our main theoretical contribution is the development of a multilevel framework of ecoinnovation’s drivers, having our literature review a specific focus on systematizing the findings of the studies within this theme. We have selected this focus, since the drivers of environmental behavior in SMEs are relatively under-researched (Worthington & Patton, 2005) and, therefore, the findings of the study can guide policy makers in the design of environmental practices and can contribute informing SME owner-managers about which factors can help them to engage in environmental initiatives (Hitchens *et al.*, 2003).



Due to the selection of keywords for identification of publications, it is possible that some articles matching the research focus have not been found, because they do not contain required keywords in the title or abstract of the paper. Overall, our analysis provides an aggregated overview of the ecoinnovation research agenda development from 2000 until 2013 and thus allow us to identify trends in research (topics, countries, journals), contribute a multilevel framework of ecoinnovation drivers and propose future research avenues.

**Track Title: Sustainability or Education**

**Does entrepreneurship education to teenagers have different impacts over time: some evidences based on a an  
Entrepreneurship Education Programme on Mozambique Youth**

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Key Words: Entrepreneurship Education, Short and long-term impact, Developing Countries, Youth entrepreneurship

## **Aim of the Paper**

This paper aims to assess the medium and long term impact of an Entrepreneurship Education Programme (ECP) directed to teenager students. The study intends to understand if the acquisition and application of entrepreneurial competences by students that attended an ECP changed in different phases of life, comparing a group of teenagers' students who are currently attending the course with a group of students who, having attended the program, finished their secondary studies and are already in the labor market. More specifically, the study strives to evaluate how the impacts of ECP in the development of entrepreneurial attitudes, intention, and behaviours as well as how students evaluate the ECP, differ between the two groups. This assessment is part of a broader study that aims to study the impact of the ECP in Mozambique, a programme developed by UNIDO under the "Entrepreneurship development for the youth" project, and funded by the Norwegian Government and by the Ministry of Education and Culture of Mozambique. This ECP was inserted into general education and vocational/professional secondary schools throughout the country with the aim of encouraging the development of entrepreneurial attitudes and behaviours. The Entrepreneurship Curriculum Program (ECP), and more specifically the subject Notions of Entrepreneurship (NE), was implemented under the auspices of this transformation and primarily aimed at providing a professional subject thereby tackling unemployment, which represents a major problem that determines the prevalence of absolute poverty in Mozambique (INDE, 2009).

## **Background Literature**

According to O'Connor (2012), some researchers suggest that general entrepreneurship is failing to provide continued economic growth in developed communities while others more specifically claim that the impact of entrepreneurship education is either unclear or does little or nothing to enhance entrepreneurship skills and levels of motivation. Concerning the relationship between entrepreneurship and development, Naudé (2011:33) concludes that "even if entrepreneurship, as necessary for growth, is not a binding constraint on development in the poorest countries and development economists may have underestimated the potential worth of studying entrepreneurship". Thus, in spite of the fact that positive results are reported by studies on some programs, other studies raise doubts regarding the efficacy of entrepreneurship education for either economic or individual outcomes (O'Connor, 2012). Following an extensive literature review on the impact of entrepreneurship education, O'Connor (2012) concludes that while some authors maintain that with respect to macroeconomic performance, the relationship with entrepreneurship education is not necessarily clear; others have argued that entrepreneurship education does influence entrepreneurial behaviours and the likelihood of engaging in entrepreneurial activities. Furthermore, researchers have also argued that investments in the development of entrepreneurship education sector most probably only deliver long-term returns. This idea is reinforced when considering Entrepreneurship Education Programmes directed to young people (Chaskin, 2009). On the other hand, as argued by Dorado and Ventresca (2013), in the context of durable social problems (as in the case of Mozambique) entrepreneurial engagement is distinct not only because it includes efforts directed toward the creation of predominantly social rather than economic value but because it must bring about new states in relevant economic, social, institutional and cultural environments. It is thus a question of system-change, which according to theory of change (Connel and Kubish, 1998, Vogel, 2012), the impact evaluation of changes must be considered in a short-medium and long term.

Longitudinal studies support this view, which suggests that some entrepreneurship education may return a positive impact on entrepreneurial outcomes only after extended periods in industry or gaining commercial experience. Despite this recourse to longitudinal studies, such methodologies do hinder efforts to isolate the extent to which entrepreneurship education actually proves in anyway causal or even beneficial to entrepreneurship practices.

From the outset, evaluating the impact of an entrepreneurship curriculum raises several important and interrelated questions that require due consideration. The first stems from what are the aims and potential impact of entrepreneurship education and, more specifically, what is the purpose and impact of a specific entrepreneurship education program over the short and long-term; the second question comes with identifying what factors may shape the achievement of those objectives and, thirdly, just how do we evaluate. This paper is specifically concern with impact of entrepreneurship education programme in the short and long term in attitudes, intentions and behaviours.

## **Methodology**

This study focus on the case of Entrepreneurship Education Programme (ECP) implemented by the Ministry of Education and Culture of Mozambique. Its implementation was based on the two-year pilot experience carried out in the Northern region of Cabo Delgado, which began in 2004 and initially involving four schools (UNIDO, 2012). Through to December 2012, ECP took place in 331 schools with its implementation still under expansion. This was the first large scale impact study of the ECP and, thus, it has cross-sectional nature. This paper, more specifically, compares two groups of students: a group of teenagers' students who are currently

attending the course with a group of students who, having attended the program, finished their secondary studies and are already in the labor market (graduate students).

Concerning the first group, a stratified sample was developed to identify the schools to be included in the study, taking into consideration variations among the provinces and type of school. More specifically, sampling strata were constituted based on regions (North, Centre, and South), on the urban/rural setting of the school/community (urban/rural), and on the respective school system type (GSE – General Secondary Education/ TPVE - Technical, Professional or Vocational Education). The schools included in each stratum were chosen via random number generation applied to a list containing all schools. A total of 32 schools were thereby selected. The eleven Mozambican provinces are all represented in the sample.

Concerning the second group, since there is no official record of the location of students who have left the system and given the inherent difficulty of finding them, a convenience sample was used.

Questionnaires were administered to ECP students (n=4032) and ECP graduate students (n=93). Quantitative data was analysed with descriptive statistics, ANOVA, independent samples t-tests and Pearson Qui-square.

## Results and Implications

Results point out the existence of different impacts in the medium and long term. ECP graduates distinguish themselves positively from students attending the ECP regarding Subjective norms, the Propensity to risk and Social acceptability. Graduates, in comparison to students currently attending the ECP, return a greater will to work, whether for others or on their own. However, they place greater emphasis on working on their own and, especially, on dealing with formal businesses (being an entrepreneur).

Concerning the evaluation of ECP, the importance of the discipline “Notions of entrepreneurship” was scored highest by graduates, who also placed greater value on the aspects related to creating/implementing businesses. These results reveals that, once outside the education system and given the need to find ways to support themselves and their families, graduates “activate” some entrepreneurial attitudes, intentions and behaviours and gain a greater perception of the importance and relevance of entrepreneurship education in comparison to students still attending ECP.

In sum, results support the argument that investments in the development of entrepreneurship education sector deliver long-term returns. These results have both practical and theoretical implications. For governments and policy makers, this means that the results of their efforts and investments on entrepreneurship education cannot be immediately fully evident and that long-term results (often considering a time-span of generations) should be expected. This means that their actions concerning (entrepreneurship) education cannot be conducted by circumstantial factors and must be conducted in long-term perspective considering the society and the development model intended for their nation. From the theoretical side, results indicate that time and/or the circumstances of life of the individual (cycle of life) are important variables to consider when studying entrepreneurship education impacts. Thus, this study reinforces the idea that assessing the impact of an entrepreneurship programme requires a careful and longitudinal analysis.

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<sup>1</sup> The authors would like to thank UNIDO (United Nations Industrial Development Organization) for the authorization to use the analyzed data.

**Research Collaboration and Commercialization Among Phd Students: The Role  
Of Entrepreneurial Capability And University Supports.**

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**Keywords** Entrepreneurial University, Commercialization of Research, PhD-centered Entrepreneurship, Entrepreneurship Education & Supports.

## ***Track Title: Innovation***

### ***Paper Title: Research Collaboration and Commercialization Among Phd Students: The Role Of Entrepreneurial Capability And University Supports.***

**Aim of the Paper:** This research seeks to provide a better understanding of the entrepreneurial potential among the PhD population. This study set out to explore PhD students' perception of their entrepreneurial capabilities; the appropriateness of University supports to assist their entrepreneurial activities, and the extent to which both their capabilities and the supports available predicts engagement in collaborative research and commercialization of research.

**Background Literature:** In recent years, entrepreneurship has gained increased recognition as a significant driver of improvements in societal welfare. Globally, governments have acknowledged the importance of their roles in motivating individuals, businesses and related stakeholders to perceive and develop new opportunities that can promote positive change and create economic growth in their societies (Blenker, Dreisler and Kjeldsen, 2008). This entrepreneurial spirit is now seen as a key source of innovation, leading to the inception of new enterprises and the growth and renewal of established organizations. Universities play a central role in originating and promoting the dissemination of knowledge and techniques that contribute to industrial innovations (Mansfield and Lee, 1996). Universities in particular are encouraged by policy and funding instruments to actively engage in the diffusion of research-based knowledge by multiple routes (HEA, 2004; HEA, 2002; Perkmann and Walsh, 2007). The entrepreneurialism of universities is epitomized by the rise in patenting, licensing and creation of spin-off companies by academic researchers (Wright et al., 2007; Siegel et al., 2003). In relation to the PhD community, Keogh and Galloway (2004) note that the shift in employment patterns away from life-long corporate careers towards portfolio careers, which may also include phases of self-employment, will have particular impact on graduates. Recent growth in the number of students registered for research degrees and changes in career destinations of PhD graduates provides a rationale for researching this cohort. According to the HEA (2013) statistics, the first destination analysis of PhD holders in Ireland demonstrates that more than half enter a non-academic career. Additionally the 48 per cent who secure their first job in higher education includes not just permanent academic post holders but also support staff, or post-doctoral researchers who following one or more temporary post-doctoral positions will often pursue non-academic careers. In addition, BERD (2013) found that the number of researchers employed in businesses in Ireland increased from 8,960 in 2009 to 10,618 in 2011. Since 2003 an extra 4,011 researchers were employed in the business sector and the number of PhD qualified researchers increased more than threefold from 467 to 1,551. Forfàs (2009) argues that researchers have the ability to enhance the absorptive capacity of firms by bringing with them new knowledge, working methods, a personal network and an ability to solve complex problems.

The research active university community consist of two interrelated categories; full-time staff (consisting of tenured academic and contracted researchers/principal investigators) and PhD research students. In fact, the PhD student population form a large proportion of a university's research capability (Enders, 2002) and are powerful levers of an entrepreneurial university's contribution to the regional economy. Yet, Prodan and Drnovsek (2010) and Bienkowska and Klofsten (2011) reveals a lack of empirical evidence that investigates the academic entrepreneurship phenomenon at the individual level; that is, how academics', researchers' and specifically PhD candidates' entrepreneurial intentions and capabilities, impact on research collaboration and commercialisation of research. Furthermore, Lean (2012) contends that whilst a growing body of literature exists on enterprise education and the development of students' entrepreneurial skills, relatively little attention has been paid to the specific educational context of PhD student development and learning. This research seeks to address this gap by better understanding of the entrepreneurial networks, supports and attitudes of the PhD population

towards research commercialisation and their perceived capability for engagement in entrepreneurial activities. Forfàs (2009) believe that while there are opportunities for PhD researchers within existing R&D-active enterprise, there is also potential for PhD graduates to stimulate new enterprise opportunities. As well as their specialist knowledge and broad disciplinary knowledge, PhD graduates must demonstrate an aptitude for original thought and problem solving and these attributes should enable a certain cohort to develop careers as entrepreneurs.

**Methodology:** This research concentrated on the PhD research community as a unit of analysis. A quantitative research approach using an online survey of 1127 students across the four colleges of the chosen university (Arts, Celtic Studies & Social Science, Business & Law, Science, Engineering & Food Science and Medicine & Health) and independent research centres was conducted. A 17% response rate was attained. The data was analyzed with SPSS 18 using descriptive statistics, most notably frequencies, cross-tabs and comparisons of means, Analysis of Variance, Pearson Chi Square tests and Logistic Regression.

**Results and Implications:** This research finds that PhD students are positively inclined towards commercialisation of research. However, the research did not find support for the hypotheses that the doctoral student's perception of their own entrepreneurial capability and the attitude towards university supports predicts commercialization of research. Similarly, the research did not find support for the hypotheses that the doctoral student's perception of their own entrepreneurial capability and the attitude towards university supports predicts engagement in collaborative research. The research was confined to a single university and needs replication in other national and global institutions. This study is also a cross sectional one and a longitudinal approach would be a fruitful way to take account of entrepreneurial patterns over a longer period of time. Universities need to consider the individual as well as the organisational factors that are relevant for successful collaboration and commercialisation of research. Simply having the right individual with an entrepreneurial disposition and the appropriate supports in place may not always lead to the desired outcomes in terms of collaboration and/or commercialisation. These results are important for a better understanding of the phenomenon of academic entrepreneurship and the PhD community's ability to contribute in building an appropriate ecosystem for commercialisation of research output and exchange between business-university.

**Paper Title:**  
**Managing The Innovation Process In Small Businesses:**  
**A Conceptual Framework**

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Key Words: Innovation process – small business – Innovation – Innovation management

Abstract

Track Title: Innovation

Paper Title: Managing the innovation process in small businesses: a conceptual framework

Aim of the Paper

The aim of the paper is to propose a conceptual framework to manage the innovation process in small businesses based on 11 case studies in the Montreal software industry using the evolutionary theory of innovation and the resource dependency theory. This conceptual framework provides a view of the innovation process that differs from the linear approach often used in many studies to investigate innovation in small businesses. This linear approach considers the process as a set of steps or sequential activities including the development of an activity or stage to another depends on the previous one. We conceptualize the innovation process in small businesses as an interactive process with several keys points of resources mobilization including interactions with internal and external actors. The successful mobilization of innovation resources at all keys points will determine the success or failure of the process.

Background Literature

Innovation management in small businesses has been of interest to several researchers for many years. One of the reasons is that innovation in small businesses occurs in a different way than in large companies. Small businesses face a resource challenge that generally does not exist in large companies. The ability to manage successfully the innovation process is particularly a challenge for small business in high technology industries that need to innovate in order to survive. In the software industry, research on the innovation in small business tend focus more on identifying the resources (Lall. 1992; Capaldo and al. 2003; Romijn and al. 2002) and seem to consider the process as a “black box” ignoring how the typology, the needs and availability of resources evolve throughout the innovation process in small businesses. The interest in conceptualizing the innovation process has received attention by researchers from multiple

disciplines such as technology management, engineering, strategy. However, the focus is generally on the process of new product development and the majority of work focused on identifying organizational and strategic success factors (Hart and Baker, 1994). In addition, several conceptual frameworks (Examples can be found with Hannon & Paul, 2000) have been suggested in the literature however few approach innovation in the small business as a process involving different actors and resources that evolve depending on the stage of innovation.

### Methodology

This is a qualitative research based on multiple cases (Yin, 1984, 2003; Miles and Huberman, 2003). In this research, we focus on the innovation process in eleven (11) small businesses in the Montreal software industry. The qualitative methods has its merits: "...The difference between quantitative and qualitative methods involve trade-offs between breadth and depth." (Quinn Patton, 2001:227). In order to conduct an in-depth analysis of the phenomenon, according to an inductive approach, it seems that the business case would allow us to better understand our research subject as the interactions that occur during the innovation process are dynamic. We choose to study multiple cases to be able to identify differences or constants to better understand the research problem (Miles and Huberman, 2003). The data are from several different sources and this is key to obtain the information needed to study the cases (Yin, 1984). These sources include: 1) data from the literature and websites of companies, 2) field notes, 3) semi-structured interviews with CEO of the companies. The interviews have been transcribed and analyzed with the qualitative software Nvivo.

### Results and Implications

Our results contribute to the existing research on innovation in small businesses as it offers another approach to conceptualize it by including interactions with internal and external actors throughout the process. The successful mobilization of innovation resources at all key points will determine the success or failure of the process. This conceptual framework can be helpful to small business owners as it brings some insights about the key external actors and how to mobilize the external resources during the innovation process. It can also help formulate public policies that target effectively the needs of small businesses in order to increase innovation performance and economic growth.

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## A Theory of Entrepreneurship integrating Social and Private Entrepreneurship

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### Key words

Social entrepreneurship; integrated model; cognitive antecedents

Track Title: Theory and Methodology

Paper Title: A Theory of Entrepreneurship integrating Social and Private Entrepreneurship

Aim of the Paper:

To model entrepreneurial behaviour to include the degree of (i) social versus private entrepreneurship; (ii) for-profit versus not-for profit business activity; and (iii) entrepreneurial versus conventional business model utilised.

Background Literature:

The individual-opportunity nexus of entrepreneurship is predicated upon heterogeneity on both sides of this nexus. Entrepreneurs differ widely in their cognitions and Douglas (2013) demonstrated that cognitions of growth-oriented entrepreneurs are different from independence-oriented entrepreneurs. Similarly we expect the cognitions of socially-oriented to differ from privately-oriented entrepreneurs (Short, Moss, & Lumpkin, 2009). The literature on social entrepreneurship has not yet been reconciled with the vast literature on for-profit entrepreneurship – do they differ only in degree (Mair & Marti, 2006); or are they different types (Estrin, Mickiewicz, & Stephan, 2013)? Moss, Short, Payne & Lumpkin (2010) argue that social entrepreneurs are both entrepreneurial and socially-oriented.

Social entrepreneurship research has focused on what, where, and how of social entrepreneurship, with little or no research focusing on why they do it. What motivates socially-oriented entrepreneurship is an interesting question, and indeed underlies the motivation for corporate social responsibility more generally. While explanations allude to greater empathy for other people and stronger feelings of altruism (e.g. Miller, Grimes, McMullen & Vogus, 2012) we note that some do it for little or no monetary reward, while others seek profit from social enterprise. Further, some social businesses are highly entrepreneurial while others utilise conventional business models. We believe no prior research has integrated all three aspects – the extent to which entrepreneurs are ‘other-oriented’ (i.e. altruistic) rather than self-oriented; the extent to which entrepreneurs want their reward structure to comprise monetary rewards versus psychic rewards; and the extent to which entrepreneurs want more-innovative versus more-conventional business models.

Methodology

We devise a model that reflects the infinite variety of social orientation, profit orientation, and entrepreneurial orientation observed in firms and organisations. Our model explains why one person chooses to be highly innovative while volunteering to serve others, while another chooses to be conservative in their business design, pursue maximal profits, and yet on serving others. We posit that the individual’s attitudes toward entrepreneurialism, altruism, and materialism motivate them to build enterprises that are more or less entrepreneurial, more or less other-centred and more or less rewarded by monetary as opposed to psychological benefits. We utilise the theory of planned behavior (Ajzen 1991); self-determination theory (Deci & Ryan, 2000); and expectancy-valence theory (Vroom, 1962) and the language of utility theory which Steel & Konig (2006) demonstrated can be reconciled with expectancy-valence theory. The individual’s expectancies are the salient outcomes expected to follow a behaviour, and the valences are the individual’s attitudes to those outcomes.

We posit only three salient expected outcomes, namely entrepreneurship, the ratio of material gains to intrinsic benefits, and the ratio of self-centred to other-centred behaviours. We define *entrepreneurialism* as the attitude an individual holds towards undertaking entrepreneurial action and all that entrepreneurship entails. Entrepreneurship is intended to create new wealth by introducing new technologies, products, and/or business models to market, and this new wealth may be either monetary or psychological (intrinsic) in nature. We define *social entrepreneurship* as activity intended to create new monetary or psychological benefit that accrues to others who are external to the focal firm. Note that both social and private ventures may be more- or less-entrepreneurial in their market activity, ranging from a virtual absence of innovation to high levels of innovation. *Altruism* is defined to be inclusive of a variety of positive feelings that individuals experience and which motivate them to help, do good for, and/or avoid doing harm to others (see, e.g. Andreoni, 1990). *Materialism* is defined as the degree to which an individual prefers to receive the rewards to his/her effort, activity or enterprise in the form of monetary compensation (i.e. material goods) rather than as psychological or intrinsic benefits. We posit that individuals will increase their pursuit of entrepreneurial activity, of material gains (rather than intrinsic benefits), and of other-centred (rather than self-centred) activity, up to the point where the marginal utility of each activity falls to zero. This takes them to the total-

utility maximising point in three-dimensional space which is characterised by a particular degree of entrepreneurship, profit/intrinsic rewards ratio, and social/private purpose ratio. Thus individuals seek a business model that best suits their preferences for entrepreneurialism, materialism, and altruism.

To test this model empirically we invoke the entrepreneurial intentions literature (e.g. Douglas, 2103) and posit that individuals will have intentionality for both self-centred (private) entrepreneurship and for other-centred (social) entrepreneurship, one of these typically being stronger than the other. Following the theory of planned behaviour we expect that underlying these intentions are the attitudes of entrepreneurialism, altruism and materialism. We hypothesise that the intention for social entrepreneurship will be positively related to entrepreneurialism and altruism but negatively related to materialism and their entrepreneurial self-efficacy. Conversely we expect the strength of intention for private entrepreneurship to be positively related to entrepreneurialism, materialism and self-efficacy but negatively related to altruism. Also, we expect to find individuals with low entrepreneurialism and entrepreneurial self-efficacy preferring socially-oriented activity but utilising conventional business models and preferring to gain either a low ratio of material to intrinsic benefits.

We sample multinational graduate business students who are at the point of choosing the next step in their careers. A conjoint experiment was used to ascertain their attitudes to entrepreneurialism, altruism and materialism. Their entrepreneurial self-efficacy (ESE) was gauged following McGee, Peterson, Mueller & Sequeira (2009). Intentions for social versus private entrepreneurship were measured by a new scale developed following Douglas (2013). Age, gender, prior entrepreneurial experience, and national origin were included as control variables.

#### Results and Implications

We develop a conceptual model of the heterogeneity of entrepreneurship that incorporates altruism and materialism as determinants of entrepreneurial intention, whereas prior studies utilised only the attitudes to a variety of self-centred entrepreneurial outcomes. Our model incorporates the founder's preference for altruism, materialism, and entrepreneurialism into the design of the business model, and thus allows the founder to imprint their desired degree of corporate social responsibility into the culture and subsequent activity of the firm.

Empirically we found that intention for social entrepreneurship was positively related to altruism, and entrepreneurialism, but negatively related to materialism and entrepreneurial self-efficacy. Conversely intention for private entrepreneurship was negatively related to altruism but positively related to entrepreneurialism, materialism, and entrepreneurial self-efficacy.

# **Business Support Policy – Is there a Case for Long-Term Evaluation?**

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Key Words: Business Support, Evaluation, Long-Term Impact, Data-Linking, Micro Data

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## **Working paper - Abstract**

### **Track Title**

Policy

### **Paper Title**

Business Support Policy – Is there a Case for Long-Term Evaluation?

### **Aim of the Paper**

Correctly, policymakers are interested in assessing whether a business support intervention is working or not but too often the desire to answer the questions leads to evaluations over the short-term. There is also the problem of longitudinal data availability for analysis – usually considered to be requiring resource-intensive primary data collection. This paper builds on such a short-term economic impact evaluation of Business Link in England carried out in 2005 (with reference to interventions in 2003). Through the application of a data-linking methodology this study returns to the original inventory of assisted firms with an additional 6 years of performance data. We show how such existing performance data can be used to explore the long-term impacts of an intervention. We highlight some of the firm dynamics that took place after the original evaluation's cut-off and then seek to understand whether there is an argument for taking a longer-term view on evaluations.

### **Background Literature**

Robust policy evaluation in the field of business support policy has been called for (repeatedly) by several leading authors and international organisations, with, for example, the OECD (2007) in their recent "OECD

Framework for the Evaluation of SME and Entrepreneurship Policies and Programmes”, or the World Bank (2010) making the case for evaluation of support schemes. Our systematic review of the international evidence showed that very few economic impact evaluations of business support have taken a long-term view. Those examples that do exist suggest that adopting a longer evaluation time frame is of importance in assessing the full impacts of the intervention (MED, 2009; Rotger et al., 2012; Wren and Storey, 2002).

One of the key concerns with the evaluations, particularly those few long-term ones, is the use of self-reported impact. This self-assessment of, for example, a firm’s satisfaction, perceived difference and additionality of programme is likely to be highly subjective, and lead to both over- and underestimations of impact.

Studies drawing on performance data of firms such as sales and employment growth would be considered to be more reliable in that respect. Lambrecht and Pirnay (2005), assessing a free consultancy days for SMEs programme in the Walloon Region of Belgium, highlight the discrepancy between firms’ reported satisfaction (found to be favourable) and measurable performance effects – finding no significant impact of the programme on net job creation, turnover or financial indicators.

A key constraint to evaluation is data availability, and the general absence of long-term planning for evaluation. The increasing availability of administrative firm-level micro-data offers one potential solution to understanding the long-term impact of interventions. These datasets in the UK can either be official government data (e.g., the ONS Business Structure Database based on the Inter-Departmental Business Register - IDBR) or commercial datasets (e.g., FAME). Linking the beneficiaries of assistance to administrative data provides an opportunity for monitoring annual performance (i.e., employment and turnover) in the pre- and post-assistance periods as well as benchmarking against a suitable control group.

Our paper highlights some studies benefitting from data-linking (all, by nature, longitudinal) for Denmark and New Zealand, however, Japan has also seen the use of data-linking for business support evaluation (Motohashi, 2002).

## **Methodology**

In short: a longitudinal dataset had to be developed, tracking the annual performance of those firms that were included in the 2005 Business Link economic impact survey for the period 2005-2010 (BERR, 2006;). The annual performance data was obtained from the ONS Business Structure Database (linked by CRN).

As such, the approach for this exploratory study is to link a single business support product – Business Link – to the UK ONS Business Structure Database (BSD), which is the business demography version of the UK Inter-Departmental Business Register (IDBR). This will facilitate an analysis of survival and growth of recipient businesses in the post-assistance period. The following section first explores the data already at hand about firms that have received support from Business Link, some limitations that may stem from the use of it and the sub-sample of firms to be used for this analysis, before considering the technicalities around linking the survey firms to the BSD.

The decision to use Business Link to explore longer term outcomes was driven by the availability of data, with the existence of a large scale and detailed evaluation questionnaire survey containing information on businesses that received Business Link assistance in 2003, as well as a comparison group of businesses that did not receive support.

A firm death analysis will be undertaken to show the annual survival and growth trends between 2004 and 2011, with a split into two sub-periods of interest pre-crisis (2004-8) and then through the economic downturn (2008-11).

Econometric techniques are used to assess scheme impact, by controlling for differences in business characteristics as well as factors affecting take-up of the scheme. As highlighted earlier, the sample group of assisted firms is significantly different from the comparison group of non-assisted firms. The use of the 2-stage Heckman model enables to incorporate these differences. Based on these results a timeline will be created, showing the evolution of the impact of the assistance over time.

## **Results and Implications**

Our results shows that some care needs to be taken with the correct application of the data at hand, particular in respect to distinguishing between an enterprise (entire firm) and a local unit of a larger enterprise as unit of analysis.

We find that having received assistance appears broadly insignificant to survival rates. Nonetheless, when considering employment and turnover effects, we find that assistance effects are significant and develop over a considerable longer timeframe than most evaluations would cover. This observation is particularly relevant when using turnover as a performance indicator, where assistance shows significant effect only after a number of years, and with a clear time lag post intervention.

This is evidence of a lag in observing the full impact of the assistance received although that finding in itself is not without its difficulties. For example, that the longer the time period since the intervention the greater the likelihood of other factors (including other forms of business support) affecting the performance of the business.

The implications for policy evaluation are clear. While there are obvious short-term demands to understand whether a new intervention is working there is also a need to track these results over time.

Despite a number of caveats noted, this interim results demonstrate that it is possible to look at the impact of business improvement schemes over a longer number of years.

No attempt has been made at understanding what environmental factors may have benefitted the faster growing assisted firms. For example, it would seem plausible that some form of further business support may have been taken up by some firms given the time span studied, which may be a better explanation for some or all of the additional growth rather than the initial Business Link intervention.

The paper contributes to the on-going debate on policy evaluation and in particular provides new evidence on the long-term economic impact of business support in the UK.

# **Policies to Support R&D and Innovation in the Brazilian Aerospace Industry.**

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**Key Words:** Aeronautical industry; Public Policy; Aircraft industry; Technological innovation; Brazil; Financing policy.

## **ABSTRACT**

**Track Title**  
Innovation

**Paper Title**  
Policies to Support R&D and Innovation in the Brazilian Aerospace Industry.

### **Aim of the Paper**

The aerospace industry is central to the development and security of a country, since it is responsible for national defense related equipment, as well as the generation of high-tech and knowledge, employment and income. This industry is responsible for the production and services of aircrafts, helicopters, other items such as gliders, flight simulators, etc. (IBGE, 2013)

This industry has significant growth projections for the Brazilian economy, 224% between 2013 and 2016, according to BNDES (2013). Moreover, it is one of the few high-technology areas that Brazil has recognized expertise.

In addition, the industrial production of the aerospace industry had an important increase in the last few years, 150% between 2008 and 2009 (Ferreira et al., 2009) when the industrial production of the whole manufacturing sector was 27% in the same period. In 2011 this industry employed just over 24 thousand people, and only EMBRAER employed 80% of these workers (SERRAO and CARDOSO, 2011). Thus, one can observe a large concentration of employment in this industry in Brazil.

In fact, according to Lemos et al. (2009), leading companies like EMBRAER are responsible for concentrating more than 95 % of aircraft exports and related activities, while small and medium companies devote themselves towards the local market. Quadros et al. (2009) state that the most part of the companies of this industry (especially small ones) is connected to EMBRAER.

As a high-technology industry, public support to Research, Development and Innovation (RDI) are essential to its global competitiveness. In this way, the Brazilian government has implemented policies to support the generation and diffusion of technological innovations in that industry. Among these are policies to finance projects, infrastructure and to human resources training.

Despite that, there are few studies mapping the Brazilian Research, Development and Innovation (RDI) support policies to the aerospace industry.

In this context, this study aims to analyze the main federal support Research, Development and Innovation policies for the Brazilian aerospace industry in the last twenty years.

We believe that our results can support policy makers, entrepreneurs and innovators to increase the generation and diffusion of innovations in the aerospace industry in Brazil.

### **Background Literature**

Schumpeter (1934, 1962) is a pioneer of the innovation theory. He defines innovation as the introduction of new goods or new quality of a good, the introduction of a new process (method of production), the opening of a new market, the use of a new source of supply, or the implementation of a new industrial organization. A

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narrower definition of technological product and process innovation states that product and process innovations involve new technological knowledge (Edosomwan, 1989).

According to OECD (2003) innovation is a continuous process that implements a “new or significantly improved product (good or service), or process, a new marketing method, or a new organizational method in business practices, workplace organization or external relations.”

It is worth mentioning that the OECD concept considers that the minimum requirement is that the innovation must be new (or significantly improved) to the firm, and not necessarily for the market or world. Yet, innovation must have been implemented, i.e., a product or service must be introduced to the market and/or a process, marketing or organizational methods are in effect.

### Methodology

To achieve our objective, we carried out an longitudinal exploratory study in the literature and public available documents. The bibliographical explored the scientific contributions from monographs and academic journals. Our theoretical framework marries insights from the literatures on National Innovation Systems and innovation management. The documental research collected data from corporate reports, websites, institutional reports, public calls documents, call results, and policy from the last 20 years.

The bibliographical explored the scientific contributions from monographs and academic journals. Our theoretical framework marries insights from the literatures on National Innovation Systems and innovation management. The documental research collected data from corporate reports, websites, institutional reports, public calls documents, call results, and policy documents from the last 20 years. The two main source of data and information were the two main finance management institutions in Brazil, the National Bank for Economic and Social Development (BNDES) and the Brazilian Innovation Agency (FINEP).

### Results and Implications

Today, Brazil has a portfolio of eleven major instruments directly related to RDI in the aerospace sector. These instruments seek to increase the development and diffusion of innovation in the country and we classify the instrument in financial and non-financial resources. Non-financial resources include specific laws and policies with a general profile that can be used not only by companies in the aerospace industry, but also by other industries (For example the Innovation Law). In the case financial instruments, we mapped most of them targeted only the aerospace industry (CT-Aero, Inova Aero, etc.), except the BNDES PROSOFT (software industry) and the Technology Fund (FUNTEC) which have a broader scope.

Non-financial instruments, such as fiscal mechanisms and HR training, had contributed and continue to contribute to the RDI of this industry the 1980's. In Fig.1 we present the evolution of the non-financial RDI resources in Brazil in the last 20 years. One can notice that these instruments are recent (exception for IEAV that is a training institution for the industry) and general. Large corporations such as EMBRAER and HELIBRAS benefit greatly of this resources.

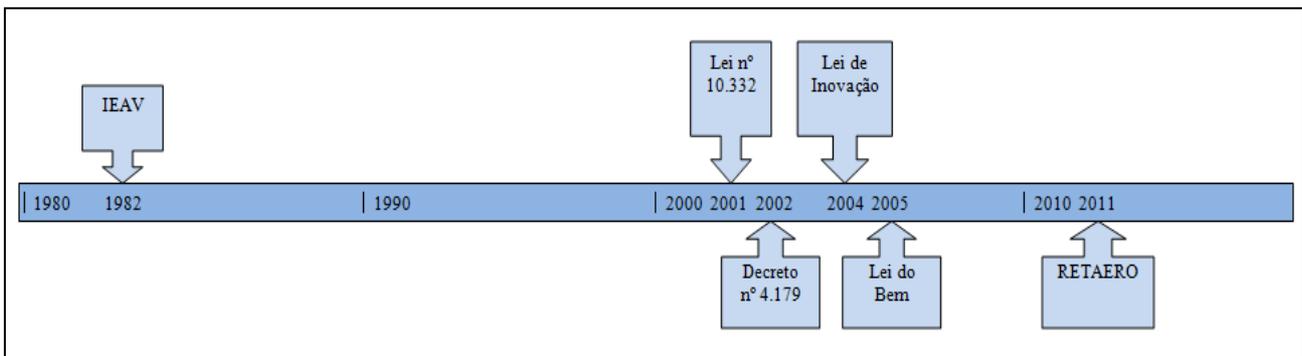


Figure 1 – Non-financial instruments

We found out that, despite great progress in the last 10 years, there is lack of investor and interest instruments in the early stages of innovation development. Most of the instruments concern more research activities than innovation itself and target large corporations and smaller companies end up having limited funding for its development and growth.

Currently, it is not very clear what happens with most of the funds resulting from the federal laws; such as The National Fund for Scientific and Technological Development (FNDCT). Related to that, there is still a need for a more systematic and constant financial source of resources in the innovation systems. That is, the government should offer a steady amount of financial resources in order to allow companies to plan ahead.

Despite being an important and advanced industry in Brazil, RDI in the aerospace industry still needs to be greatly stimulated, since it has to build RDI competences and culture, at the same time that ensure the competitiveness of the industry.

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“The Social Learning Process does not have a timeframe in a Business Start-up Programme”.

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## **Aim of the Paper**

The aim of this paper is to report on the role of social learning in the entrepreneurial learning process in a formal business start-up programme. It is part of a research Masters which focuses on investigating the role of the mentor in the construction of the entrepreneurial identity of the participants of a business start-up programme. Three strands of theory have been identified as key in addressing this construction which include entrepreneurship, mentorship and identity. Preliminary findings to date have identified the importance of the social learning process when setting up a business. The current study examines the utility of applying social learning theory when examining the relationships initiated and developed by the participants in a business start-up programme. The database used in this research is made up of both the current and graduate participants of the New Frontiers Business Start-Up Programme. This is a national entrepreneur development programme led by Enterprise Ireland and delivered in association with the local Institutes of Technology. It provides the start-ups with support to accelerate the business development process and offers the entrepreneurs the skills and contacts needed to successfully start and grow a company (Enterprise Ireland, 2014). The entrepreneurs are said to operate in a social construct, where the knowledge and behavior pertinent to the setting up of a business is acquired in part through interactions with others. It is believed that social learning theory highlights the significance of context in inducting new members to the institutional norms and ways to be within a 'community of practice' (Wenger, 2002), what Warren (2004) refers to as an entrepreneurial transition. This paper investigates the hypothesis in part of the impact of the social learning process on the overall success of the venture creation process applying the theories of social learning theory and planned behavior in the analysis of participants of a new business start-up programme.

## **Background Literature**

The study examines three strands of theory; mentorship, entrepreneurship and identity development with particular reference to the use of relationship theory, social identity theory and the theory of planned behavior in the construction of the entrepreneurial identity. While the focus of the main research investigates the role of the mentor, it has been identified that participants of a new business start-up programme engage in a social learning process which is broader than the mentoring relationship itself.

The attention of this study is drawn towards nascent entrepreneurs, "individuals who are actively trying to start a new firm, but who have not done so as yet" (GEM, 2005, p.14). They are in the early stages of starting up a business. This process facilitates the acquisition of key business skills but is also supported by mentorship and peer-to-peer learning.

The New Frontiers programme offers several supports to the nascent entrepreneurs, for example an office space in the local business incubation centre, a formal mentor, scholarship and formal business training. These formal structures and supports play a key role in the learning process taking place. These structures also enable entrepreneurs to develop relationships which according to Deakins and Boussouara (2000) lead to communication. This communication in turn develops understanding and trust between individuals, which provides a platform necessary for the development of knowledge and learning in the business start-up process Pittaway and Cope (2005; 2007).

According to Down (2006, p. 109) learning is a social process and it facilitates the development of identity through inter-subjective or relationships, which provide the individual with "emotional refuge" that allows them to create a sense of self. This process is facilitated through the mentoring relationship, but also through the peer-to-peer learning. The process of engagement in this social learning process acts as a support throughout the mentoring life cycle and varies during the different phases of this life cycle.

It is necessary that both individuals commit to the relationship in order to secure the achievement of learning (Clutterbuck, 2004). The relationship, self and the social identity theories illustrate the development of the bond between the participants themselves and with their mentors. As stated by Higgins and Elliott (2011) and cited in Rigg and O'Dwyer, (2012, p. 324) becoming a nascent entrepreneur is "a process of establishing identity, a process of enacting which is located in a situated

context". This means that identity is shaped through a number of encounters with significant others and the environment in general.

The identity of an individual is shaped by decisions and behaviors exercised by humans in our social network (Dickson, 2010). These are then observed and are either acquired or discarded based on one's own values and beliefs. The Theory of Planned Behavior links both the beliefs and behaviors of an individual and the impact that they may have on their performed behavior. Research to date would seem to indicate that the identity of an entrepreneur is shaped by the social learning process exercised in mentorship and peer-to-peer interactions which in turn impact on one's behavior (Rae, 2005; Rigg and O'Dwyer; 2012 and Dukarska, O'Dwyer & Crowley, 2013)

The extended literature review captures the complexity of the research subject successfully, linking together the three stands of theory and the overall development of the nascent entrepreneur identity through the process of social learning.

## **Methodology**

This research is primarily qualitative in nature using a social constructive, discursive approach. This study examines the social learning acquired by a sample of current participants of the New Frontiers programme and a sample of graduates of the same programme delivered in 2008. Initially the Predictive Index test (PI Worldwide, 2014) is used to identify the entrepreneurial characteristics of the participants including the mentors. The findings of these test are quantitatively analysed and used to provide a graphical representation of the entrepreneurial traits of both the entrepreneur and the mentors.

This research uses a phenomenological hermeneutic approach as its main methodology. Hermeneutic phenomenology studies how people interpret their lives, experiences and how they make meanings of those phenomena. Human actions are understood in the context of a particular situation (Willis, 2007). The Pictor technique is used initially in order to identify the individuals who have played a role in the individual's entrepreneurial learning process and the relationship with same. This is followed by a series of in-depth interviews which have aimed to capture the individual meaning of these relationships and the experiences of the programme participants in this entrepreneurial learning process. This approach while novel to the area of entrepreneurship, as qualitative approaches are "demonstrably underrepresented in entrepreneurship research" (Hindle, 2004, p.577), enables the researcher to examine the social learning process within the construction of the entrepreneurial identity.

The researcher will use semi-structured interviews with graduate participants of the programme. It is intended to return to current programme participants in 5 years' time to measure the value of the social learning process over an extended period of time.

## **Results and Implications**

The research is applied to the New Frontiers programme investigating the evidence of social learning in the entrepreneurial learning process for both current and graduates of this programme.

Phase one has used the Pictor Technique to capture an overview of the different social learning influences on the entrepreneurs in the start-up phase of a business. The images clearly indicate that social learning does take place. Findings to date would seem to indicate that there is no particular beginning or end on the impact of this social learning on the identity construction of an entrepreneur.

Phase two of the engagement with the entrepreneurs is currently ongoing. At this early stage of data collection, it is apparent that the social learning process is not optimised by the participants in the earlier stages of the New Frontiers programme. The working relationships appear to be transactional and shortsighted, questioning the ability of participants to achieve learning through a social process. However, it would appear that value of and the interaction with the social learning process increases and expands as the individual begins to become more familiar with and part of an entrepreneurial community. This varies for each participant. This research has provided some key

insights and would recommend a longitudinal study which can capture the impact of the social learning process on the entrepreneurial identity over a period of time and with a larger sample size.

This research will have implications at both an academic and practical level. In particular it will contribute to the mentoring based literature, the design of future mentoring training programmes at both the start-up and growth phase of the organisation. This research will have value for the enterprising trainer, participants of entrepreneurship programmes, continued professional development at academic institutions and policy makers. It will contribute to the national and global policies which are deliberately promoting the dynamic culture of entrepreneurship in Europe and beyond in nurturing a new generation of entrepreneurs through mentorship and peer-to-peer learning. It is in line with EU commission "Europe 2020" strategy for smart, sustainable and inclusive growth to facilitate the development of an economy based upon knowledge, innovation, resource efficiency and high employment underpinned by social and territorial cohesion and the Irish Innovation Task Board.

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# Symbiotic Strategy and Revitalization of a Regional Economy The Case of a Crisis Wine Industry

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**Key words:** decline, economic crisis, strategic entrepreneurship, wine

## Abstract

**Track Title:** Firm performance

**Paper Title:** Symbiotic Strategy and Revitalization of a Regional Economy. The Case of a Crisis Wine Industry.

## Aim of the Paper

Although economic cycles have always had low points, there is a lack of academic literature about the determinants of firm performance in times of market crisis (Chowdhury and Lang, 1993). Kitching *et al.* (2009: 3) confirm that very few academic studies have explored causes, process and consequences of strategic adaptation in hard economic times. Following a strategic entrepreneurship approach, we explain the roots of the crisis-ridden decline stage of the wine industry located in the Languedoc-Roussillon region of France. We discuss the implications for small wineries and entrepreneurs confronted with decline or crisis. Few entrepreneurs decided to challenge institutions in order to shape rules of the game to their own advantage; they used institutional processes to change the institution's context in which they operate. These entrepreneurs also dared to implement their own vision by struggling against tradition (conservatism) and constrained rules such as the ones requested by controlled designation of origin – AOC. We discuss implications for theory and practice and suggest that a symbiotic strategy involving co-operation with former competitors appears to have had considerable success, even in a competitive crisis industry in a globalised world.

## Background Literature

During the past two decades, wine markets have become increasingly globalised and competitive. The economic downturn faced by the Languedoc-Roussillon wine region has created high pressure on managers, requiring them to deal with such perverse effects as hyper-competition, structural disequilibrium and lack of resources in a hostile business environment characterised by more threats and fewer opportunities (Covin and Slevin, 1989; Zahra and Covin, 1995). Confronted with this situation, some managers respond better than others, implementing strategic decisions that improve the performance of their organisations (Weaver, Dickson, Gibson and Turner, 2002), and thus increasing the chances of firm survival and success (Dess, Lumpkin and Covin, 1997).

Previous studies questioned the ability of small firms to deal successfully with economic decline and downturn. The situations of decline and crisis provide different sets of challenges for SMEs: decline is characterised by a gradual, long-term reduction in market opportunities and firm performance, while crisis has quicker and more dramatic effects, influencing several areas of economic and social activity (Chowdhury and Lang, 1993), and increasing competitive pressures. At firm level, crisis is characterised by a sudden deterioration of competitive and market conditions, resulting in a significant drop in performance. The difference in the magnitude of effects between decline and crisis impacts on manager's ability to identify, react and respond to market challenges.

It is noteworthy that in the last twenty years, the new competitive landscape has created for wine producers not only new challenges but also new opportunities (Dana *et al.*, 1999). On one hand, depending

on their expertise and capacity to adapt to the dynamic evolution of the market demand, some producers were more successful than others to exploit the existing opportunities. On the other hand, Fourcade *et al.* (2008, p. 201) confirm that while facing turbulences in their environment, firms in the agro-industry, especially SMEs, seek for original collective solutions by creating new forms of solidarity. Therefore in order to increase identification of business opportunities and reactivity to exploit them, some producers have chosen to act collectively. This follows a paradigm of symbiotic entrepreneurship discussed by Dana *et al.* (2000), Etemad *et al.* (2001), and Dana *et al.* (2008).

## Methodology

In fact, since the end of the 19<sup>th</sup> century, the Languedoc-Roussillon region in France had been a major producer of table wine sold in bulk. The wine industry was clearly a mono-industry in this region. Three decades ago, the Languedoc-Roussillon region represented the largest European area dedicated to basic wine production, reaching a production of 30 million hectolitres (units of 100 litres) in 1980 (Chiffolleau, Laporte and Touzard, 2006). However, the demand for table wine in France has been diminishing since the 1960s, and since 2000, the wine industry of the Languedoc-Roussillon region has faced one of the most important crises in its history, this caused by an increasing disequilibrium between production and consumption.

To study successful strategies of wineries that thrive despite economic crisis, and seeking to obtain in-depth understanding, we opted for a qualitative methodology involving case research, as suggested by Dana and Dana (2005). Geertz (1973) explained that qualitative methodology can produce in-depth, comprehensive information by using participant observation to provide thick descriptions. Under the qualitative umbrella, a case study is a detailed investigation of a social unit. The focus is on understanding the subject and variables relevant to it, but not necessarily on generalisation; therefore such study does not focus on an entire population of cases. The principle difference between case studies and other research studies is that the focus of attention is the individual case and not the complete population of cases. We chose to explain the success of a collective strategy, the collective brand called Vin de pays d'Oc; to do so we conducted a single case study.

In the first stage of our research, a series of academic and professional articles and reports have been accessed in order to identify the questions that will be asked to the founders of Vin de pays d'Oc. In the second stage of the research project, we interviewed six wine experts (producers, economist, trader). All of them are more than 50 years old and three of them were involved to the creation of Vin de pays d'Oc strategy. Each interview lasted around one hour and a half. In the third stage of the research project, we analysed all the collected qualitative data in order to build the case study.

## Results and Implications

Our case study shows that only a minority of young entrepreneurs have begun to anticipate the regional economic downturn leading to the drop of the wine production in this region from around 30 million hectolitres in the 1980 down to 11.5 million hectolitres in 2011. Moreover, this collective strategy confirms to be a true winning strategy as Vin de pays d'Oc was still growing during the hardest wine crisis years (2004-2009) - faced by the regional industry - representing in 2013 more than half of the Languedoc-Roussillon wine production - around 6.9 million hectolitres.

Analysing the interviews we conducted, we traced the current success of pays d'Oc wines to roots during the 1970s. At that time, few entrepreneurs decided to challenge institutions and rules, by lobbying in order to shape rules of the game to their own advantage. These entrepreneurs have struggled within structural constraints using limited resources. They used institutional processes (power and politics) to change the institution's context in which they operate. Leading at that time famous agricultural institutions at a regional level, these regional entrepreneurs have especially managed to influence a "friend" named François Guillaume – who would soon become the French Minister of Agriculture – in order that he voted a decree in 1987 instituting the conditions of production of a new label called Vin de pays d'Oc. From that particular time, this minority of entrepreneurs had to build a new organisation and to preach among many villages in the region in order to mobilize and ask young wine growers to uproot old wine cépages and plant new ones according to the needs of the emerging export markets. Vin de pays d'Oc is today one of the most innovating collective brand in the French wine industry increasing sales of rosé wine in large-scale supermarkets thanks to packaging such as bag-in-boxes, and also sales of red wine in the high-speed TGV (*Train Grande Vitesse*) train thanks to cans.

Nowadays, SMEs facing economic and market crisis need a model to imagine in a common strategy of symbiotic future collective actions that work (Dana *et al.* 2000; 2008). This said, we recognise that our findings from one case study in a niche industry cannot be generalised across sectors; an entrepreneurial strategy adopted by one company cannot be universally applicable. Nevertheless, lessons can be drawn and adapted for other industries in decline.



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**Title page**

**Paper title**

**The Decision-Making Process And Business Growth Of Small Business Owners In Burundi**

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**Key words**

Causation, effectuation, motivations, LDC, developing country, Africa

## **Abstract**

### **Objectives**

This study investigates the decision making process, as the antecedent for business performance in a highly uncertain context, which is Burundi; an East-African, least developed country (LDC). The following research question will be answered: *“To what extent is business growth of small business owners in a least developed country, determined by causation and effectuation?”*.

### **Prior work**

We know from previous literature, that business growth has been considered by many researchers as the essence of entrepreneurship (Edelman et al., 2010). This essence, business growth, is, among others, one of the exploitations of existing opportunities (Sarasvathy, 2001a). Hence, in this process of opportunity exploitation, entrepreneurs make decisions in uncertain situations (Sarasvathy, 2008), in order to shape future outcomes. Since Sarasvathy's (2001) first conceptual notions of causation and effectuation entrepreneurial processes, numerous scholars have contributed to the research stream to move from a nascent to an intermediate phase (Edmondson and McManus, 2007), with increasing empirical evidence (Mauer et al., 2010). A substantial number of qualitative studies on causation and effectuation are conducted (e.g. Dew et al., 2009; Sarasvathy and Dew, 2005; Harmeling, 2005; Harting, 2004). Furthermore, although sometimes with difficulty to capture the two constructs (e.g. Chandler et al., 2007), an increasing number of scholars have developed, and executed, scales on causation and effectuation in quantitative studies (Chandler et al., 2011; Moroz and Hindle, 2012, Perry et al., 2012; Harms and Schiele, 2012). To the best of our knowledge, all of these previous mentioned examples of qualitative and quantitative studies, are conducted in relatively “stable environments”, i.e. developed, formal economies. Besides that uncertainty is inseparable from every aspect of entrepreneurship (McMullen and Sheperd, 2006), it increases as environments become more developing, and informal. Moreover, a substantial number of researchers have used business growth as a proxy for new venture performance (e.g. Brush and VanderWerf, 1992; Chandler and Hanks, 1993; Fombrun and Wally, 1989). However, despite Read et al. (2009) made an attempt in their meta-analysis, in which new venture performance was somewhat correlated with one of the effectual constructs of Sarasvathy and Dew (2005); new venture performance, or business growth, has never been investigated in correlation with all of the dimensions of causation and effectuation, in one single study.

### **Approach**

We conducted semi-structured interviews on a group of 29 small business owners to validate the specific entrepreneurial conditions of the owners of small businesses in Bujumbura, Burundi, during June – August 2013. After the qualitative interviews of the final questionnaire according to the qualitative interviews, the quantitative fieldwork took place. The fieldwork for the quantitative data collection took place on in Burundi, in the period June – August 2013. We conducted questionnaires on a sample of 154 *small business owners* in the mini-markets, boutiques sector in Burundi.

### **Results**

The results have not yet been fully analyzed. However, preliminary analyses showed that from our sample of 154 small business owners, the majority was male (70.8%), the average age of all the business owners was 37 years, most respondents reported having had senior secondary school, as the highest achieved education level (28.6%). Furthermore, we found first of all that the respondents indicated to be more causation orientated, than effectuation orientated. Second, regarding effects on business growth, two CE dimensions have a significant effect on business growth; the assets value: “preference for means vs. goals” (positive effect), and “affordable loss vs. expected returns” (negative effect). Concerning “preference for means vs. goals”, this indicates that the respondents who are more likely to create a new small business bases on existing means, which means using individual preferences, knowledge and networks as a starting point, as opposed to pre-defined business goals, significantly affect their business growth positively. Concerning “affordable loss vs. expected returns”, our results indicates that the respondents who focused more on the expected returns (causation), as opposed to the potential risk of the business investment (effectuation), have a significant, negative effect on business growth.

### **Implications**

The contributions of this study are, that it investigates causation and effectuation, in relation to business growth. Causation and effectuation have only little been researched as a direct antecedent to

business growth. The second contribution, in regard to Sarasvathy's (2008) "uncertain situations", is that we conduct this study in an environment with high uncertainty, and a high representation of informality. In this regard, we follow the recent call for research to unravel one of the different aspects within the entrepreneurial process, within, or close to, the presence of an informal economy (Webb et al., 2009). In addition, the first of the two largest side effects of this study, is that it contributes to the further scale development of measuring causation and effectuation (Brettel et al., 2012; Chandler et al., 2011), especially in non-developed economies. Second, the current study provides more insights into one of the many determinants of business growth under highly uncertain context, such as an LDC.

### Value

This study is unique in its findings. First, this study shows that owners of small businesses in an LDC were mainly causation orientated at the start of their business. Although there might be some evidence showing that effectuate entrepreneurship positively correlates with venture performance; this study shows contrary findings of causation orientated people, who are living in poor economic and highly uncertain conditions, but still can have a positive significant effect on the growth of their business. Second, following the discussion on the division of opportunity-necessity, motivations, this study delivers once again empirical evidence to plead for a more nuanced construct of entrepreneurial motivations, particularly for people underdeveloped economic conditions. Finally, given the context where this study has taken place, it follows up on a number of recent calls for research, e.g. entrepreneurship in the informal economy (Webb et al., 2009), and a high uncertainty environment. Therefore, the conditions of the location and time of the data collection, and the analyses afterwards, has given the opportunity to contribute to further scale development of measuring CE (Brettel et al., 2012; Chandler et al., 2011), in different, unique contexts.

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## **Enhancing the Innovative Capacity of SMEs**

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innovation collaboration micro-business capacity management

## **Track**

Small Business Management

## **Paper Title**

Enhancing the Innovative Capacity of SMEs

*"You cannot expect to meet the challenges of today with yesterday's tools and expect to be in business tomorrow"* Nelson Jackson

## **Aim of Paper**

SMEs (small and medium-sized enterprises) and micro-enterprises are the backbone of the EU economy. Their prosperity is a crucial factor for achieving more growth and more and better jobs in the EU. They are vital to fulfilling the goal of a more equal and productive society with higher social and economic integration. Yet they are often poorly equipped to fulfil their potential as innovators and entrepreneurs, especially in the relentless transition to a knowledge based society, both because of their diverse academic backgrounds and their lack of training.

This paper summarises work currently underway by two diverse teams across Europe to develop and roll out a suite of training and tools to enhance the innovation and collaboration capacities and capabilities of small and micro-businesses.

The more than 20 million SMEs in the European Union represent 99% of businesses in Europe, nine out of ten SMEs are actually micro-enterprises with less than 10 employees. As an aggregate they contribute to more than half of the total value-added created by businesses in the EU.

Many government programmes currently support innovation throughout Europe. These measures play a key role in helping organisations to innovate both better and faster, by addressing specific market and system obstacles that hinder European companies, in particular SMEs and micro-enterprises, from fully exploiting their full innovation potential. Much of this effort is centred around providing better training to owner/managers of small companies. However, no training, no matter how comprehensive and well-delivered, can hope to retain lasting impact without some clear focus on practices, procedures and, especially, tools leading to action as a way to effectively carry out the learning, insights and skills transmitted and to motivate and fully support course participants in their enduring efforts to produce innovation. Not so many years ago, most of us relied on closed, proprietary software to create documents, crunch numbers, surf the Web, communicate, etc. Today the landscape has shifted dramatically, with tens of millions of people taking advantage of free open source software that's equal to — and often superior to — tools created the old way. Furthermore, innovation is a team sport that requires extraordinary collaboration. Simply stated: no collaboration, no innovation. Thus, tools must take into account this collaborative dimension and must support it. So, closing the Knowing-Doing Gap, that often stymies both trainers and learners, requires both a clear-headed selection of tools and also finding way to traverse the accompanying learning curve to achieve sufficient mastery quickly thus allowing a productive return on use.

To these ends tools (mostly open-source and/or free) can have a powerful impact on advancing innovation and collaboration (in domains such as: MindMapping, Collaborative Document Creation, Action Tracking, Knowledge Management, etc.). But how can small businesses effectively access and use these tools to build their businesses through innovation and collaboration? Education and training for SMEs are seen as one of the solutions to improve the situation for SMEs and micro-businesses. However, the learning materials have to be adequate for today's SMEs that operate in a business world that is shaped by trends like globalisation, technological changes and the ageing of society.

From a practical "sandbox" or "living lab" approach this paper bases its empirical findings on two EC projects currently underway and being implemented by cross-functional teams of business support agencies, universities and consultant firms:

**Innovative Trainer (Business Trainer/Mentor support)**

**SCI-NET (skills for collaboration in virtual networks).**

These projects have the aims specifically of enhancing the innovative and collaborative capacity of SMEs.

## **Background Literature**

Background to these projects come primarily from academic studies in the field of collaboration worldwide (with a particular contribution from the work of the Centre for Advanced Learning Technologies at Insead), EU Commission funded projects on innovation and collaboration and the work on the ground with small and micro-businesses, built up over the last 30 years.

### **Methodology**

In the planning and production of any training course(s) particular care needs to be taken to choose the most appropriate tool sets for the various key functions – in this case those are the tools that best support working together to achieve innovation. For truly effective innovation and collaboration there are four main areas that need to be supported:

1. ACTION – bringing skills, abilities and knowledge to bear
2. OUTCOME – what everyone is working towards; creating something different in the future
3. COMMUNICATION – day-to-day discussions on the work being done
4. AGREEMENTS – principles that suggest how the team will work together now and into the future

Two parallel projects are underway to provide a new eco-system for supporting SMEs develop their innovation and collaborative capacity:

**The Innovative Trainer Project** is a transnational project working to create new resource for Business Trainers and Mentors (BTMs) working to make SMEs more innovative. Four specific modules have been developed:

- Module 1: Your Inner Innovator
- Module 2: Types of Innovation
- Module 3: The Innovation Process
- Module 4: Your Action Plan

This project focuses on the 'innovator' within each business owner, and works to focus the efforts of the company particularly on non-technical innovation (processes, finance, services etc).

**The SCI-NET Project** maps out the open source tools that can be made available to small businesses to develop their innovative and collaborative activities. It is based on the ICDT (Information, Communication, Distribution and Transaction) domains model developed by Professor Albert Anghern at Insead, that gives a solid theoretical framework to the tools being introduced. Models such as ICDT have served as frameworks for Internet-based tools used by communities of collaborators. The increasingly rapid advancements in IT technology – especially the ubiquity of mobile devices, tablets, etc. – points out the need for both up-to-date and appropriate choices for the key tools to be used.

In addition, tools intended for effective use by SMEs must respond to particular criteria such as:

- Low or no-cost: hence the focus on open-source solution
- Manageable learning-curve: hence ease-of-use and immediacy of successful use
- Dependability and robustness
- Scalability: to the project or community
- Security

These tools must excel in their support of what are essentially Learning Communities and Knowledge Exchange applications.

Indicated below are the primary tools with a short “tagline” description for each:

- Pearltrees – visual and collaborative curation
- Wikis – collaboratively created websites for knowledge management
- Popplet – collaborative mind mapping
- Scribblar – collaborative whiteboard
- Skype – VOIP-based conference calling/video
- PiratePad – collaborative text creation/editing
- Google Calendar – activities + tasks, multiple calendars
- Orchestra – collaborative to-do lists
- Dropbox – sharable file/image storage repository
- Google Docs – collaborative document, spreadsheet creation/editing
- SlideShare – sharable PowerPoint presentation repository

Most of these tools are web-based, thus online and PC/Mac based.

### **Results and Implications**

Both of these projects are coming to the end of their life at time of writing. Both projects are currently being piloted with groups of small and micro businesses.  
The final paper to be submitted to the conference will include the empirical data data gathered from these field trial and recommendations on how best to roll out innovation and collaboration training to this sector.  
There are implications for the on-going training of small business owners and managers.

**PAPER TITLE**  
**Opportunity Identification and New Venture Creation in University Spin-Outs in Denmark and Ireland**

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**ABSTRACT**

**TRACK TITLE :** DIFFERENT CONTEXTS

**PAPER TITLE :** Opportunity Identification and New Venture Creation in University Spin-Outs in Denmark and Ireland

**Aim of Paper**

This paper investigates the processes of opportunity identification and new venture creation in the context of internationally oriented university spinouts (USOs). The study draws on concepts of entrepreneurial opportunity creation and discovery (Alvarez & Barney, 2010) and employs the theoretical framework of organizational emergence of Katz and Gartner (1988). Using qualitative methods, we examine four cases from Denmark and Ireland.

**Background Literature**

*Opportunity Identification*

Entrepreneurship literature often assumes that opportunities are discovered and exploited by alert entrepreneurs (McMullen and Shepherd, 2006). This approach has seen frequent application in research on international new ventures (INVs) (see Jones et al., 2011). However, a conceptual framework of opportunity recognition derived from market disequilibrium seems problematic in respect to emerging markets and fast evolving industries (Sarasvathy, 2008). Biotech and life science industries seem to "produce" new markets as new technologies emerge. Thus, it could be questioned whether new opportunities are the result of market disequilibrium or if they are enactments of opportunities creating markets that are imperfect per-se. These considerations have spawned an ontological discussion on the opportunity concept from which two distinct perspectives have emerged (Alvarez and Barney, 2010). First, the discovery stance suggests, a market response led approach conceiving firms and entrepreneurs within an exogenous environment. Second, the creational approach to opportunity identification posits conceptualisation of opportunities as enactments stemming from an endogenous environment

(Sarasvathy et al., 2010). This creational approach to the concept of opportunity has only been conceptually grounded with no empirical basis as yet. Further, although entrepreneurial opportunity has been argued to be the focal entity of entrepreneurship studies (Venkataraman, 1997) the role of how an international context influence opportunity recognition in early stage venturing is still an understudied area of research (Jones et al., 2011). In seeking to explore how international new ventures USOs emerge in the context of Danish and Irish USOs, our first research question will be to examine: How do USOs identify opportunities for commercial exploitation?

#### *Organizational emergence of USOs*

Entrepreneurship is the practice of creating new organisations by individuals and/or teams, mainly starting new ventures generally in response to identified opportunities. This leads to our second research question 2) How USOs are created to exploit such opportunities identified? The creation of new ventures has been the central focus of entrepreneurship research (Davidsson, 2004; Shane and Venkataram, 2000). As emerging ventures are evolving entities during pre-and start-up stages, extant research has focused on the characteristics of the individuals creating them and less on processes of creating them and some recent discussion on how opportunities are identified (Short et al., 2010). Enterprising actors do not instantaneously create new ventures to exploit new venture ideas (Freeman, 1982). Instead, it is a process that includes many behavioral steps that can be undertaken in many different sequences, as related research has demonstrated (Carter et al., 1996; Reynolds & Miller, 1992; Sarasvathy, 2001). We draw on the Katz & Gartner organisational emergence framework (1988) and borrow from the principles of Intentionality and self-efficacy to explore how USOs emerge and are formed. A developed framework is proposed supported by six propositions to examine against the case data.

#### **Methodology**

Hills and LaForge (1992) have emphasized the importance of conducting entrepreneurship research in international contexts. Hence, we conduct a two-country comparative study of Denmark and Ireland. A case study approach (Eisenhardt 1989) has been employed to study the *opportunity identification* and the subsequent *processes of new venture creation* in two Danish and two Irish university spin-offs. Following Aspers (2009) approach to rich data set retrieval, archival data consisting of year end reports, press- and marketing materials was collated to secure detailed insights and evolution of the case histories. To ensure a holistic perspective (Yin 1989) on the emerging events, two semi structure open-ended interviews (Eriksson and Kovalainen 2008) have been conducted with each of the case founder(s). As a general rule these were audio recorded and transcribed within 48 hours of conduction. In addition, observational studies have been conducted on sight to hone in on actual behaviour displayed in real life business setting by the academic founders.

#### **Results and Implications**

This paper explores new venture creation and opportunity recognition in the context of USOs from Denmark and Ireland. Our findings make some key contributions to the entrepreneurship and International entrepreneurship literature. Firstly, we find that our academic venture founders of the case USOs typically engaged in a *creative process* of opportunity identification rather than one of discovery. Second, the studied internationalising USOs emulated *processes of new venture formation* to that are similar in typical new ventures. Thirdly, we have developed to the original Katz & Gartner's (1988) framework in three ways. Firstly, by developing the concept of the 'intentionality' in new venture creation by reinforcing the notion of self-efficacy in entrepreneurial intentionality to create the venture. Second, we find that the notion of Self-efficacy of the founder is a key determinant for international new venture creation processes to materialize. Third, we develop the Katz and Gartner Framework for new organisational emergence by incorporating a fifth property of 'entrepreneurial identification' as a key process in organizational emergence. We suggest that our case tested six propositions can provide a guideline to further studies into USO creation and opportunity recognition. We also identify a number of further research avenues and conclude with implications for practioners and policy makers.

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## **Title page**

Paper Title:

### **Climbing and Building Entrepreneurial Mountains in Developing Economies: Discovery and Creation Strategies amongst Ethiopian Tour Operators**

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**Key words**

Creation Theory, Discovery Theory, Opportunity Identification, Opportunity Exploitation, Developing country, Ethiopia

## **Abstract**

Track Title: **Sustainability**

Paper Title: **Climbing and Building Entrepreneurial Mountains in Developing Economies: Discovery and Creation Strategies amongst Ethiopian Tour Operators**

## **Objectives**

This study investigates the opportunity identification process of entrepreneurs from a Discovery versus Creation perspective based on the seminal article by Alvarez and Barney (2007). This paper has three specific aims. First, to develop scales to measure the extent to which entrepreneurial actions fall under either discovery or creation theory; Second, to test whether discovery or creation theory is more significant in opportunity identification in a developing country context and third to segment entrepreneurs on the basis of their entrepreneurial actions so as to assess implications of these theories on entrepreneurial performance, in terms of multiple self-reported perceived growth indicators.

## **Background Literature**

The goal of entrepreneurs is to form and exploit opportunities (Shane and Venkatraman, 2000; Shane, 2003; Casson & Wadeson, 2007). Therefore, opportunity identification and exploitation is a central theme in the entrepreneurship literature. According to Venkataraman (1997), an entrepreneurial opportunity consists of a set of ideas, beliefs and actions that enable the creation of future goods and services in the absence of current markets for them.

Although some researchers argue that the subjective or socially constructed nature of opportunity makes it impossible to separate opportunity from the individual (Alvarez & Barney 2007, Alvarez *et al*, 2013), others contend that opportunity is an objective construct visible to or created by the knowledgeable or attuned entrepreneur (Shane, 2000). Either way, according to Alvarez & Barney (2007), a set of weakly held assumptions about the nature and sources of opportunity appear to dominate much of the discussion in the literature of management and organizational studies. In like manner, McMullen *et al* (2007) argue that "most of the literature has centered on the recognition and exploitation of opportunities rather than on the existence or emergence of opportunities themselves". That is, most entrepreneurial research focused on the discovery and exploitation of opportunities without much attention to the nature and source of opportunity itself (Murphy, 2011; Aldrich & Reuf, 2006; Baker & Nelson, 2005; Gartner, 1985). Recently, explaining the formation of opportunities has become vital in entrepreneurship research (Alvarez & Barney, 2007; Baron, 2008; Venkataraman, 1997).

Alvarez and Barney (2007) distinguish between the discovery versus the creation of entrepreneurial opportunities, starting with the metaphor of "mountain climbing" versus "mountain building". Discovery theory asserts that entrepreneurial opportunities are like mountains just waiting to be discovered or searched and exploited, whereas for the creation theorists, entrepreneurial opportunities are created by the actions of the entrepreneurs- they build the mountains. As opposed to discovery theory, opportunities are created, endogenously, by the actions, reactions, and enactment of entrepreneurs exploring ways to produce new products or services in creation theory (Gartner, 1985; Sarasvathy, 2001; Baker & Nelson, 2005).

Most previously conducted studies in opportunity identification strategies in Western economies concentrated on the application of discovery strategies (Gaglio & Katz, 2001; Shane, 2003; Shane, 2012; Venkataraman, 2003; Zahra, 2008; Murphy 2011). Unlike discovery theory, creation theory is the least studied theory (Alvarez & Barney, 2007; 2013) and thus, has to be articulated as a single coherent theory in the literature, particularly in a developing country context such as Ethiopia. To the best of our knowledge, our study is the first to empirically research entrepreneurial creation strategies in a developing economy, as we expect that creation strategies are more likely to be found in a such context, since entrepreneurial actions in a developing country situation are quite different from the developed economies (Kiggundu, 2002; Acs & Virgill 2010).

## **Methodology**

The study has been conducted with tour operators which are formally established businesses in Ethiopia. Many of these businesses have flourished recently. Previously there was only one similar enterprise run by the government since Ethiopia was a socialist state until 1991. According to the information obtained from the Ministry of Culture and Tourism, currently 333 tour operators are registered by the ministry. This list served as a sample framework for our study. Hence, the analysis will be based on the responses obtained from these

individuals collected through a direct interview with the lead author as of October 2013 through February 2014.

Our main data gathering tool (i.e survey questionnaire) is prepared based on the statements of Alvarez and Barney (2007). To the best of our knowledge, the fourteen factors (seven entrepreneurial actions under discovery and creation context) in Alvarez and Barney (2007) have not been operationalized previously. Our paper is the first attempt at such an operationalization. We searched the literature for existing scales for operationalizing these constructs. For some of the constructs we found scales (E.g. Conger *et al*, 1997; Sarasvathy, 2001; Baker & Nelson 2005; Senyard *et al*, 2011; Chandler *et al*, 2007), but these scales have not been used in our paper for several reasons. First of all, the existing scales tend to be long which would lead to a very long questionnaire, resulting in problems such as respondent fatigue influencing validity of the instrument and partial non-response resulting from unwillingness of the respondent to complete the entire questionnaire. Second, the existing scales are not always linked to the direct context of entrepreneurship in a discovery or creation context. Hence, using them may cause a divergence from the original definitions of Alvarez & Barney (2007). Third, many of the employed constructs are operationalized in a multidimensional manner in the extant literature. Sub-dividing such a large number of constructs over an even larger number of dimensions would lead to an excessively complicated empirical model to analyze.

Hence, using single-dimension constructs to represent each of the 14 conceptual dimensions in the Alvarez & Barney (2007) framework is desirable. Accordingly, we derived 14 multiple-item measurement scales for representing the Alvarez & Barney (2007) framework on discovery and creation entrepreneurship, by deriving operational questions from their description of these 14 constructs. Five questions under each item are carefully worded for each construct. That, a total of seventy questions are prepared based on Alvarez & Barney (2007) to test the creation-discovery theory in opportunity identification concept in entrepreneurship research based on an empirical study in the context of a developing country situation, mainly related on ecotourism service providing businesses (tour operators) taking owner-managers as a unit of analysis.

The data analysis consists of three parts. First, the 14 scales require validation which will be conducted in a stepwise manner, using multiple exploratory factor analyses. After making assessment for convergent and discriminant validity, items failing to fulfill these validity criteria will be excluded from further analysis. We also use Cronbach's Alpha for assessing reliability. In the second step, we assess whether the creation perspective is more often applied for the seven entrepreneurial strategies since it is expected to be more prominent in a developing economy context. For this purpose we calculate the mean scale scores for the 14 scales. Then we conduct seven pair-wise t-tests, one for each entrepreneurial strategy, to assess whether this strategy is indeed more strongly implemented from a creation perspective. The third step of the analysis assesses whether a creation focus leads to better business performance than a discovery purpose. For this we conduct a linear regression in which business performance, as measured by perceived growth in sales, assets, profits and number of employees, is the dependent variable. For the independent variables, we calculate the difference between the score on the creation focus on each entrepreneurial strategy and the score on the discovery focus for the same strategy. As a control variable we incorporate this person's mean score on both variables. The difference scores and control variables are incorporated for each of the seven entrepreneurial strategies. A significant positive effect of, for example, the marketing strategy difference score would imply a creation marketing strategy leads to significantly more business growth than a discovery marketing strategy.

## **Results and Implications**

The results of this study have not yet been analyzed since the data collection continues until February 2014. Nonetheless, the results are expected to be fully analyzed by the time of the conference (mid June 2014) and be ready for full paper submission as well as oral presentation. It is our strong conviction that our paper is valuable in many regards owing to its unique data set and findings. First, we have focused on developing scales to measure the extent to which entrepreneurs apply various entrepreneurial strategies from a discovery and creation perspective. The scales are developed using a unique dataset from a formal small-sized business sector (tour operators). Most previous studies conducted in a developing country context (E.g. Garoma 2011 in Ethiopia and Nsubili 2012 in Tanzania) concentrated on smaller petty tradespersons which are more common and easier to approach. Besides, the somewhat larger nature of the firms (i.e tour operators) deserves attention due to their contribution to the economy and employment. The paper also has policy making implications for the government of the country in which the empirical study is conducted (i.e Ethiopia) and for other developing countries.

By conducting this study, we will also contribute to the literature of entrepreneurship and strategic management. Our paper is one of the few that attempts to enhance knowledge on the use of entrepreneurial discovery and creation strategies in the context of developing economies. Consecutive studies can assess

whether the creation strategies found in the developing economy context also are applied by entrepreneurs in developed markets. Thus, another novel aspect of our paper is that instead of following the more regular approach of first conducting research in developed countries and testing generalizability to the developing markets, we start by doing the research in a developing economy, as this seems the most plausible context to gain insight into the constructs under investigation.

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# **Enacting Entrepreneurship In Institutionally Complex Contexts**

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## **Track Title**

Theory and Methodology

## **Paper Title**

Enacting Entrepreneurship In Institutionally Complex Contexts

## **Aim of the Paper**

The objective of this study is to investigate the emergence of different forms of entrepreneurship under extreme conditions. We follow earlier attempts (Mair and Marti, 2009; Mair et al., 2012) to study entrepreneurship and the concept of institutional voids in institutionally complex contexts. Empirically one can observe numerous entrepreneurs moving from safe conditions, functional markets and institutional environments into post-disaster turmoil. I wonder what are the contextual triggers behind this phenomenon. Seemingly answers are to be found in the interplay of entrepreneurial engagement and the institutional, social and natural context. The study thus extends the call by previous authors to acknowledge in research and theorizing that entrepreneurship occurs in a variety of contexts and communities (Gartner et al., 2006; Welter, 2011).

## **Background Literature**

The study combines two streams of literature (1) regional development in institutional voids, and (2) entrepreneurship as a social activity, or entrepreneurship as enactment.

Contrary to a popular belief, differing macro-level developments between regions around the world are neither primarily due to its geographical location – the physical climate argument – nor due to its working culture – the ethnicity, religion argument – nor due to the lack of governments' knowledge – the ignorance argument; the reason is to be found in the legacy of its institutional heritage and set-up (Acemoglu and Robinson, 2012). Based on the assumption that efficient markets increase living standards, much effort has been put into the development and transformation of institutions to engage poorer populations (Mair and Marti, 2009). The difficulty is that to a great extent market-like activity occurs under conditions of institutional vacuum, more commonly referred to as institutional voids. "Voids occur amidst institutional plurality and are the intermediate outcome of conflict and contradiction among local political, community, and religious spheres" (Mair et al., 2012, p.820). The institutional setting may direct entrepreneurship in other directions than coordinated action for regional development (Baumol, 1990). Therefore analyzing the local institutional arrangements and contextual dimensions in shaping market-based activity is essential for understanding entrepreneurship and the role of markets (Banerjee and Duflo, 2011; Mair et al., 2012). A promising path in generating a rich contextualized view of entrepreneurship is to apply institutional theory as an overarching concept acknowledging top-down and bottom-up effects (Welter, 2011). Institutional voids provide an interesting but extreme context to generate a more nuanced understanding about the emergence of entrepreneurship.

I follow the broader conceptual view taken by previous studies (Korsgaard and Anderson, 2011; Steyaert and Hjorth, 2003) to argue that in extreme circumstances entrepreneurship unfolds in different forms, through enterprising communities that emphasize the social impact of activities. The difference in form is due to fragmentation and missing conceptual clarity in current entrepreneurship theorizing (Anderson et al., 2012). The focus of social value is at best a complementary dimension that has been emphasized when economic arguments reach its limits, for instance in social entrepreneurship (Mair and Marti, 2006) or sustainability entrepreneurship (Shepherd and Patzelt, 2011). However, in recent years the social impact of entrepreneurship has started to be recognized in yet another way, by shifting the ontological understanding of entrepreneurship (Anderson et al., 2012). Following Anderson et al.'s positioning, entrepreneurship occurs as a connecting activity related to the contingent and context specific elements. In this view, the nature of opportunities and the entrepreneurial process are socially constructed; entrepreneurs are products of the social environment, perceive opportunities according to their social background, and create businesses in a social web of interactions (Korsgaard and Anderson, 2011). Accordingly an examination of entrepreneurial processes in extreme contexts should focus on the social as an enabler, as context and as outcome (Korsgaard and Anderson, 2011).

Connecting the entrepreneurial self and society, entrepreneurial embeddedness conceptualizes entrepreneurship as a socialized activity (Jack and Anderson, 2002), adding to our understanding how context and community influence the perception of opportunities (Welter, 2011) and thereby enable entrepreneurial activity (Johnstone and Lionais, 2004; Tobias et al., 2013). Where private, public and voluntary sector join forces, new realities become 'enactable' to support regional development in spite of extreme environments (Johannisson and Olaison, 2007), such as institutional voids. Such an institutional context can provide an opportunity space for the 'ordinary entrepreneurs' seize and enact opportunities for entrepreneurial activities (Tobias et al., 2013). Therefore I

address the question: How does entrepreneurship emerge in institutional voids? And how does entrepreneurship interplay with the institutional, social and natural context to shape post-change development?

### **Methodology**

Drawing on an in-depth qualitative study, I focus the empirical work on the entrepreneurial engagement of two Haitian returnee entrepreneurs in a rural community in an institutionally complex context of post-earthquake Haiti. The Limonade community is located in the hurricane belt proximate to the Northern coastline, thus, experiencing the effects of disastrous earthquakes shaking up the community every couple of years. Whether natural or man-made, disasters occur within and affect our social structures; they are social phenomena (Newton, 1997).

Following the ethnographic tradition, field data is collected longitudinally in multiple rounds over two years time. Data analysis occurred going for and back between the data and emerging theoretical accounts (Corbin and Strauss, 2008). The aim was to create thick descriptions (Geertz, 1972) to understand the various forms of entrepreneurship and its interplay with contextual dimensions. Similar designs have proven to be valuable to investigate entrepreneurial engagement after change events (Fraccastoro, 2008; Johannisson and Olaison, 2007). Though, while previous authors have extensively applied ethnographic approaches to study practices as they unfold, the concept enactment, as a useful framework in the research process, has not yet been clarified in research practice (Korsgaard and Neergaard, 2010).

### **Results and Implications**

This study creates detailed descriptions of contextual dimensions that influence the emergence of entrepreneurship in extreme contexts. It complements the current literature by showing that in addition to the institutional and social context, the natural context interplays with the way that entrepreneurship is enacted. The study identifies three groups of entrepreneurial actors engaged in creating institutional arenas for regional developments. The preliminary findings show that entrepreneurs emerge and enact in nuanced forms in the shaping of post-change vibration depending on their institutional and social embeddedness. Entrepreneurship is enacted in, and by, disaster-affected communities to foster stability in institutional voids. Haitian returnee entrepreneurs are culturally embedded and act upon the natural environment. They have the power of imaging the ideal world beyond the current obstacles.

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# **Work-family Balance Practices among Irish Hotel Employees in a Human Resource Management Context**

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**Track title:** Small business management

**Paper title:** Work-family balance practices among Irish hotel employees in a human resource management context

**Aim of the paper:** The study explored work-family balance among Irish hotel employees and investigated whether there was an integrated approach to human resource management present.

### **Background literature**

The hotel industry is a very important sector which makes a major contribution to economic development (O'Neill *et al.*, 2009). Tourism is a people centred industry, where staff are an integral part of the consumer experience. Therefore, tourism must look to the employees, to serve as a principal source of competitive advantage (Barney, 1997, Failte Ireland 2005, p. 4). However, people management practices and HRM in tourism and hospitality do not seem to show the significance of effective HRM (Blomme *et al.*, 2009, Kusluvan *et al.*, 2010).

In relation to the hospitality industry many establishments lack family-supportive work environments which are necessary for both the benefit of the employee and the organisation (Cullen and McLaughlin, 2006, Deery, 2008, Farrell, 2012). It has been found that employees in the hospitality industry experience challenges in achieving a work-life balance (Karatepe and Magajc, 2008, Lewis, 2003). There can be a culture of long hours and presenteeism attached to many jobs (Cullen and Mc Laughlin, 2006, Deery, 2008, Harris *et al.*, 2007,).

There is a dearth of research in relation to work-family balance (Kusluvan *et al.*, 2010, O' Neill, 2011). Karatepe (2008) and Mulvaney *et al.* (2006) found that in the hospitality management literature there is lack of research relating to work-family facilitation.. Lucas and Deery (2004, p. 470) highlighted how most hospitality research is based on quantitative analysis and the "relatively small amount of research drawn from employees as opposed to managers, suggests there is considerable scope to undertake more employee-based studies" The aim of this paper is to examine the issue of work-family balance in the Irish hotel sector from an employee perspective and to investigate if there is an integrated approach to human resource management. For the purpose of the paper work-family balance and work-life balance will be used interchangeably as, in the context of the research done, work-life balance deals with issues of work-family balance.

### **Human Resources**

The hospitality industry is a people centred industry where people are essential to all aspects of the service sequence (Failte Ireland, 2005). The development of people is a central element in human resource management (Connolly and McGing, 2007). According to Boxall and Purcell (2003) who present the "resource based view of the firm" human resources can be a source of competitive advantage.

There is some evidence that established HR departments with innovative practices are only to be found in the larger hotels with a dearth of HR practices to be found in the smaller hotels (Hoque, 2000). Head and Lucas (2004) refer to a hard form of HRM in evidence in the hospitality industry with pockets of good practices to be found.

The 1991 General Social Survey randomly selected workers in the United States and assessed the impact of family-responsive human resource policies, such as parental leave, flexible schedules, and child care assistance on organisational attachment. Employees who had access to family-responsive policies showed significantly greater organisational commitment and showed significantly lower intention to quit their jobs. Also child care information referral had a greater impact on affective commitment among employees eligible for that benefit. The practical implication of the study for human resource management professionals is that providing comprehensive family-friendly policies may have a positive impact beyond the individual employees who tap these benefits (Grover and Crooker, 1995, p. 1-2). In a study of a national survey of employees measuring the impact of family-responsive fringe benefits on affective commitment to the organisation (Grover and Crooker, 1995, p. 7) found that people are more attached to organisations that offer family-friendly policies, regardless of the extent to which the people might personally benefit from the policies. Perry-Smith and Blum (2000, p. 1114) investigated the relationship between bundles of work-family policies and

organisational performance. They found that establishments with a greater number of work-family policies have higher levels of organisational performance, market performance and profit sales growth. Work-family bundles may promote interest in organisations as they have a symbolic value for employees. In addition they may be a source of competitive advantage in a business climate in which their adoption is limited. They signal the need to explore the extent to which work-family bundles are part of a broader innovative HR system. Beauregard and Henry (2009) found that work-life balance practices are often linked to positive job-related attitudes, engagement in high quality management practices and increased employee interest in the establishment.

The research questions (RQ) therefore are:

RQ1 What are employees' preferred working time arrangements?

RQ2 What are the reasons for taking up working time arrangements?

RQ3 Do employees' current work arrangements suit their family/personal commitments?

RQ4 What work-life balance supports are available to employees?

RQ5 Is there a link between work-life balance supports and other HRM practices?

### **Methodology:**

This paper is part of a larger study on work flexibility and work-family balance (Farrell, 2012). A survey was distributed to 1118 hotel employees. The latter included employees of a 5\*, 4\* and 3\* unionised hotel group, a non-unionised hotel group and two family-run hotels, including a 4\* and a 3\*. A total of 246 (22%) returned questionnaires were used for data analysis.

### **Results and implications:**

An employee regression equation for both functional flexibility(team-working, multiskilling ) and work-life balance supports was done. In both cases the regression was significant ( $p < .05$ ). For functional flexibility, also, two variables were significant, i.e. job description ( $p < .05$ ) and company benefits available ( $p < .05$ ). This shows that there is more functional flexibility at management level. For work-life balance supports, hotel classification and company benefits available were found to be significant ( $p < .05$ ). In hotels with a higher star rating, there were few work-life balance supports.

In conclusion, company benefits were not associated with numerical flexibility, but company benefits were associated with functional flexibility and work-life balance supports. This would suggest an integrated approach to human resource management, whereby some companies engage in a modern employee-focused approach, whereas other companies tend to be more traditional.

The study contributes to the research on work-family balance and advances the literature on the link between work-family balance programmes and other HRM practices (Grover and Crooker, 1995; Perry-Smith and Blum, 2000, Beauregard and Henry, 2009). There is an integrated approach to human resource management evident in some hotels. This could echo Enz (2009, p.14) "Innovation in human resource management is needed to gain a sustainable competitive advantage...". It is important for the hotel industry to keep pace with HR development and in particular the emphasis on human capital management (Connolly and McGing, 2007, Nankervis *et al.*, 2008).

The results showed that there were few work-life balance supports available in hotels in the higher star category. (Lewis, 2011) found contradictions between policies that HR managers claim exist and policies employees perceive as existing. Other studies found that employers mentioned insufficient demand as the main factor for not providing family-friendly/work-life balance arrangements (Fisher, 2000; Poelmans *et al.*, 2003).

## **Economic Activity of Benedictine Monasteries – a Special Form of Family Business?**

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## **Track Title: Different Contexts**

### **Paper Title: Economic activity of Benedictine monasteries – a special form of family business?**

#### **Aim of the Paper**

Benedictine organizations are present all over the world and regarded as long-living, economically successful stable institutions (Feldbauer-Durstmüller and Neulinger, 2010). All monastic communities of the Benedictine family, which includes 300 male communities with approx. 8,000 monks and 840 female communities with approx. 16,000 nuns, are governed by the Rule of St. Benedict (RB) (Order of Saint Benedict, 2013). The RB combines the spiritual activities with the economic tasks and offers insights into how the tension between the spiritual mission and economic results can be overcome (Payer-Langthaler and Feldbauer-Durstmüller, 2012). Alongside the work of God ("Opus Dei"), each member of a community has to earn his living and make a contribution to the sustainable development of a monastery (Tredget, 2002).

A long history of the Benedictine organizations as well as their wide variety (e.g. monasteries, schools, hospitals, universities, publishing houses, etc.) illustrate the relevance of the RB to many types of organizations, not just religious ones (Chan et al., 2011). Consequently, the RB offers a useful time-tested model for organizational development (Chan et al., 2011; Tredget, 2002), effective governance and ethical leadership. Economic activities within monastic context are characterized by the long-term orientation, the influence of the monastic community and altruism (Hiebl, 2012). The characteristics often considered unique for family businesses are the long-term orientation, the influence of the (extended) family, fair working conditions and altruism (Lubatkin et al., 2005). Given the importance of family firms in the economies of many countries and a remarkable success story of the Benedictine organizations, it seems very interesting to analyze parallels between them.

Hence, this paper aims to answer the following question: Why the economic activities of the Benedictine monasteries can be seen as a special form of family business? In addition, we wish to discuss the relevance of the monastic governance and leadership principles for modern family firms. Having established basic governance instruments very early, Benedictine monasteries were able to survive over centuries and had an essential impact on the economic development in Europe (Inauen et al., 2010a). The principles of monastic governance can be used as a framework for addressing existing management problems in modern family firms.

#### **Background Literature**

Although research on monastic governance and leadership is still in its infancy, the number of articles dealing with this topic is rapidly growing. The principles of monastic leadership include having a shared vision, common goals and values (Gerry, 1992; Kardong, 1991), choosing the community members with the help of a long-lasting selection and socialization process (Inauen et al., 2010a; Inauen et al., 2010b; Rost et al., 2010), defining a clear hierarchy (Tredget, 2002), having a participative approach to decision-making (Chan et al., 2011; Rippinger, 1992), encouraging the personal development of individuals (Chan et al., 2011; Kardong, 1991), and ensuring economic and social sustainability of a monastery (Feldbauer-Durstmüller et al., 2012; Mannion, 1996). An authentic leader is expected to teach by example and serve the whole monastic community (Chan et al., 2011; Gerry, 1992; Tredget, 2002).

Due to scandals connected with falsified financial statements and inflated manager compensations, an interest in analyzing the alternative models of governance increased considerably. Some researchers even argue that the main reason for the recent scandalous outcomes is "broken character and not broken systems" (Udani and Lorenzo-Molo, 2013). Consequently, scholars should shift their attention to the individual level of the business world, inside the consciences of leaders (Bragues, 2008, p. 380). The centerpiece of Benedictine governance is an individual and his search for God. That is why the instruments of monastic governance can be seen as a suitable source of new ideas for governance models. Accountability of community members to the abbot concerning financial matters, participation in the decision-making process, monitoring and advising the abbot through the council, annual reporting obligations of the abbot, authorization of certain transactions by the Holy See, and visitations of communities are integrative parts of monastic governance (Feldbauer-Durstmüller et al., 2012; Inauen et al., 2010a; Inauen et al., 2010b; Mannion, 1996; Rost et al., 2010; Tredget, 2002).

Several authors try to apply the principles of monastic leadership and governance beyond the monastic sector and transfer them to knowledge-intensive firms (McGrath, 2005), public institutions (Inauen et al., 2010b), modern-day religious institutions (Prieto et al., 2006), stock corporations (Rost et al., 2010), and other types of organizations (Holzherr, 2009; Inauen et al., 2010a; Kleymann and Malloch, 2010; McGrath, 2002).

#### **Methodology**

Establishing ethical leadership and effective governance is an essential task for any organization. Research has shown that existing models are not efficient enough and do not take social aspects of relationships in

consideration (Chrisman et al., 2010; Goel et al., 2012; Lubatkin, 2005). To include the interpersonal side to the governance structure, Guidice, Mero and Green apply the accountability theory to the context of family business (Guidice et al., 2013). Based on their proposal, we apply the accountability theory to the monastic context. To address our research question, we identify and discuss the parallels between the economic activities of Benedictine monasteries and family firms in every detail. Finally, we make suggestions about transferring some elements of monastic governance and leadership to family business.

### **Results and implications**

The leadership and governance principles of Benedictine monasteries are based on mutual trust, the common goals and values and include the necessary monitoring and control mechanisms. Given a remarkably long development story of the Benedictine organizations, they could provide promising solutions for some management problems in modern companies and organizations, especially in family firms. For instance, monastic governance offers suggestions on how new members can be slowly integrated into a family business and learn to share its goals and values. It can further be seen as a model for a successful decision-making process involving all members. On the one hand, the individual members act very independently, on the other hand they perceive themselves accountable for their actions. Interesting is also the way how the Abbot is supported but also controlled by the community members and how the external monitoring elements are embedded into monastic governance.

As monasteries and family businesses demonstrate fundamental differences in the basic ideas, the leadership principles and governance instruments cannot be transferred directly. Whereas family firms implement a function-oriented view of persons and focus mostly on the financial goals, the Benedictines concentrate on non-economic goals and place the “human-being” in the center of attention. Obviously, the issue of transferability requires further investigation and demands an interdisciplinary approach, which considers not only the economic but also the historical and theological background of monastic leadership and governance.

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## Founder identity and small firm growth – Toward a Framework

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### Aim of the Paper

Firm growth is a topic of sustained interest for researchers of entrepreneurship as well as for politicians and policy makers who are interested in supporting economic growth and the creation of employment (e.g. Achtenhagen, Naldi & Melin, 2010; Bureau, Salvador & Fendt, 2012; Delmar & Wiklund, 2008; Green Paper, 2003; Wiklund, Davidsson & Delmar, 2003; Wright & Stigliani, 2012). Among the most pressing issues is the question *why* some new ventures ‘prosper and grow’ while others remain small, underperform or disappear (e.g. Gilbert, McDougall & Audretsch, 2006).

Following the classical view that entrepreneurs are primarily driven by the prospect of financial gain (e.g. Schumpeter, 1942), firm growth (including financial measures such as growth of sales, turnover and firm value) is generally considered to be a measure of success. However, not all entrepreneurs choose to grow (Wiklund et al. 2003). For example, cultural entrepreneurs often adhere to the credo ‘small is beautiful’ (Leadbeater & Oakley, 1999) and also new-technology firms are prone to staying micro firms because growth is not their principal goal (Autio & Yli-Renko, 1998). Founders’ intentions, preferences and motivation to grow vary (e.g. Casser, 2007; Delmar & Wiklund, 2008; Edelman, Brush, Manolova & Greene, 2010; Wiklund et al. 2003). Yet, results as to why this is so and whether economic or non-economic concerns are decisive for founders’ attitudes towards growth, are inconsistent (e.g. Casser, 2007; Delmar & Wiklund, 2008; Wiklund et al. 2003). Current research suggests that it might be promising to apply a more holistic view on entrepreneurs’ attitudes, including for example, their career reasons (e.g. Casser, 2007), lifestyle choices (e.g. Eikhof & Haunschild, 2006; Morris, Schindehutte & Allen, 2005) and knowledge structures (e.g. Grégoire, Corbett, McMullen, 2011) to provide a better understanding of why some entrepreneurs are more motivated than others to grow (Wright & Stigliani, 2012).

We propose a conceptualization using the notion of identity. Identity, or a person’s self-concept, is a knowledge structure that informs us about how we see ourselves and also, how we see the world. Identities are like ‘lenses’ through which people make sense (Weick, 1995). “Identities give the very meaning to our daily routine, for they largely determine our interpretation of the situations, events, and other people we encounter” (McCall & Simmons, 1966: 69-70). Identities motivate and regulate the person’s cognition and behavior; in other words, they influence the way people feel, think, and behave (e.g. Erez & Earley, 1993; Gioia, 1998; Keller, 2003; Knippenberg et al. 2004; Markus & Wurf, 1987). Identities are thus central for issues such as motivation, change, leadership, logics of action, and decision-making (e.g., Howell & Shamir, 2005, Leary & Tangney, 2003; Lord & Brown, 2001, 2004; Shamir et al., 1993; Sveningsson & Alvesson, 2003; van Knippenberg et al, 2004; van Knippenberg, van Knippenberg, de Cremer, & Hogg, 2005; Weick, 1995).

Given these claims, the identity concept holds ample potential for the field of entrepreneurship. For example, scholars have looked at the concept of social identity to illustrate how founders’ identities shape key decisions in the creation of new firms (Fauchart & Gruber, 2011), others have built on the notion of role-identity to outline how meaningful entrepreneurial role-identities (founder or developer identity) are linked to passion in entrepreneurship (Cardon, Wincent, Singh & Drnovsek, 2009), and how the creation of new firms involves a role transition which emphasizes founder role identity for founding persistence (Hoang & Gimeno, 2010). Largely unexplored, the question of how the notion of identity can inform our knowledge about firm growth is the aim of this paper.

Building on the growing interest in studying entrepreneurship from an identity perspective (Cardon, Wincent, Singh, & Drnovsek, 2009; Fauchart & Gruber, 2011; Hoang & Gimeno, 2010; Murnieks & Mosakowski, 2007;

Navis & Glynn, 2011; Shepherd & Haynie, 2009; Simms & Robinson, 2009) we contribute to this stream of research by extending the current focus on ‚firm creation’ to the one on ‚firm development and growth’. We thus contribute to the literature on firm growth by suggesting a new perspective that promises fresh insight in understanding why entrepreneurs who face similar contexts may act differently. In line with a central tenet of identity theory, which argues that people strive for identity relevance and coherence in their behaviors and actions (e.g. Weick, 1995), our empirical analysis shows that entrepreneurs with a ‚business-oriented’ self-concept strive for economic gains following classical growth strategies, while the ‚scene-oriented’ entrepreneurs show more alternative growth forms such as zero-growth.

### **Background Literature**

We review relevant literature on *entrepreneurship and growth* addressing issues, such as, practitioners’ growth understandings and common operationalizations (e.g. Achtenhagen, Naldi & Melin, 2010), the link between entrepreneurs’ attitudes, beliefs, and preferences towards intended growth and actual growth (e.g. Casser, 2007; Edelmann et al., 2010; Delmar & Wiklund, 2008; Wiklund et al., 2003) as well as new trends in entrepreneurship research with respect to growth (e.g. Wright & Stigliani, 2012). We continue with the nascent literature on *entrepreneurship and identity* (e.g. (Cardon, Wincent, Singh, & Drnovsek, 2009; Fauchart & Gruber, 2011; Hoang & Gimeno, 2010; Murnieks & Mosakowski, 2007; Navis & Glynn, 2011; Shepherd & Haynie, 2009; Simms & Robinson, 2009), summarizing the current state of the art as well as providing an overview of the different theoretical perspectives on identity in organization- and management studies (e.g. Alvesson et al. 2008; Kenny, Whittle & Willmott, 2011).

### **Methodology: An Empirical Mixed-Methods Approach**

The paper draws from two studies: a) an in-depth, comparative case study of ten entrepreneurs in the creative industries in Switzerland and b) a quantitative study among 250 entrepreneurs in the creative industries in France. The focus on creative industries is interesting for two reasons: First, despite crisis and recession, the creative industries are continuously growing. Even though their contribution to the BIP is limited, it is the sector that shows a continuous rate of new firm and employment creation. Given the rise of the ‚experience economy’ (Pine & Gilmore, 1999) in which customers are increasingly drawn towards creative, sensual, innovative products, the creative industries bear great potential for the future. Second, entrepreneurs in the creative industries are thought to be particularly creative and innovative. Not only with respect to their products but also with respect to their business models. As a consequence, the creative industries are often seen as a form of ‚think tank’ for mainstream industries, providing the latter with innovative new ideas (Lampel, Laifi & Germain, 2013). However, research on entrepreneurship in the creative industries is still scarce, providing an ample opportunity for new insights into entrepreneurship practice.

**Study 1 (completed).** The comparative case-study is based on qualitative data from interviews and document analysis. It was carried out in 2013 and includes ten entrepreneurs from the creative industries in Switzerland. The aim of the study was to generate knowledge about entrepreneurs’ motivation for founding a firm in the creative industries, their business models and growth strategies. In in-depth interviews with the founders we explored and problematized these issues and later complemented our analysis with documents that were provided by the interview partners (such as official business plans and models) or were publicly available (such as websites). Our sample is heterogeneous, with respect to market (including photography, radio production, music production, cartoonist, graphic design, art gallery and communication agencies); life-cycle (relatively newly established firms – 3 years old – to very mature firms which are around for more than 30 years); and growth strategies (internal/external, classical growth vs. zero-growth and de-growth) providing the possibility to explore our research question from different point of views.

### **First Results**

Building on this data, we identified four ‚identity types’ that characterize our sample: the ‚businessman’, the ‚scene-guy’, the ‚idealist’, and the ‚hermit’. Each of the identity types is defined by a particular logic that can be found in their motives to start a business, their strategic orientation, reference groups and growth strategy. Each of the four types addresses the three identity relevant aspects of self-enhancement, self-efficacy and self-consistency (Erez & Earley, 1993) in a particular way. Together, the four identity types provide first evidence in understanding the role of founder identity on firm growth.

## ICSB Track: Firm Performance

**Study 2 (ongoing).** We are currently developing a quantitative questionnaire that aims at validating these tentative identity types and their links to firm growth. Data collection is scheduled to take place in March 2014 and data analysis in April 2014. The questionnaire will be administered online to 250 entrepreneurs in the agglomeration of Paris. In addition and in parallel we are performing in-depth narrative interviews with between 10 and 12 entrepreneurs and aggregate the data according to the Gioia method (Gioia, Corley & Hamilton, 2012).

### **Further Expected Results**

We discuss and frame findings on the relationship between identity and small firm growth and illustrate their implications for entrepreneurship research and practice. Particular attention is given to the question of entrepreneurship education and acceleration programs, which may require a switch in orientation away from traditional education programs, if the centrality of identity and self-concept for entrepreneurship activity and decision-making is to be accounted for.

**122 References upon request.**

## **Experimentations in Entrepreneurship Pedagogy: Using Artifacts for Innovation and Sustainability**

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Key words: artifacts, art, innovation, social innovation, entrepreneurship education, sustainability

### **Aim of the Paper**

"I don't want you to think of this as just film... no, listen to me, we're here to make a dent in the universe. Otherwise why even be here? We're creating a completely new consciousness. Like an artist, or a poet. We are rewriting the history about human thought with what we're doing. That's how you have to think of this..." (attributed to) *Steve Jobs, speaking to Ridley Scott, in the opening sequence of the movie "Pirates of Silicon Valley", 1999.*

"I'm a deeply superficial person." *Andy Warhol*

"Your pen will be consumed before you have fully described what the painter presents to you immediately using his science: and your tongue will be paralyzed from thirst and your body foreworn with sleepiness before you will be able to represent in words what the painter shows you in an instant." *Leonardo da Vinci, Treatise on Painting, 1680*

"First, we believe that the world must be changed. We desire the most liberatory possible change of the society and the life in which we find ourselves confined. We know that such change is possible by means of pertinent actions." *G. Debord, introduction to Report on the Construction of Situations, McDonough, 2004:29*

This study is about the relationships between art, design and entrepreneurship, and in particular entrepreneurial learning and becoming. It proposes a number of theoretical and conceptual links between art, design and enterprising. It is suggested that creative materializations of art and design – artifacts, prototypes, - can act as a determinant for many elements of entrepreneurial orientation and agency, such as the capacity to create, recognize and act upon opportunity, to create, to envision and innovation, to frame, to raise funds, to bootstrap, to manage ambiguity, to persist in the face of adversity, etc. and that entrepreneurs can in many ways be viewed as artists. More concretely, the use of artifacts in pedagogy can increase the sustainable quality of entrepreneurial deliverables at various levels (start ups; events; product, process and service innovations).

We share a pedagogic experiment in an entrepreneurship program in which art, design and artefacts are deployed on four different accounts: i) in the composition of participants: design graduates, artists, engineers and business school students, ii) as representations of responsible entrepreneurship (collective sketches) in a teambuilding exercise iii) through the conception of concrete solutions to societal dysfunctions, iv) through the organization of a public exhibition to test these solutions with a substantial audience, as a pedagogic device to learn about networking and event organization, and v) for business modeling/prototyping that privileges a triple-bottom line approach (Elkington, 1998): technological feasibility, economic viability and human desirability. We debrief this experiment and develop a series of hypotheses.

This paper is work in progress, it aims to exchange about relationships between art and the entrepreneurial process – particularly the role of artifacts as translators and boundary objects -, away from classical equilibrium-based understandings, toward creative process views inspired from a broad range of relevant and seemingly irrelevant perspectives.

## Background literature

“We are <giving responsibility> to new people, with new ideas; entrepreneurs, not MBAs... people who really look at, feel, touch the market. Creative people, artists, not businessmen. And you have to bring in new, young people who do not sit before a computer at the bank and try to make money with shares. I have my philosophy about entrepreneurs. An entrepreneur is always also an artist who creates products, who creates jobs and communicates it to the people. Picasso was an artist who was an entrepreneur. In Swatch Group, entrepreneurs are running the show and not financiers. I threw out every banker that worked for our company”. *Nicolas Hayek, President of Swatch, in a TV interview, 2009*

“Entrepreneurship is a subversive activity. It upsets the status quo, disrupts accepted ways of doing things, and alters traditional patterns of behavior. It is, at heart, a change process that undermines current market conditions by introducing something new or different in response to perceived needs.” *Raymond W. Smilor, Kauffman Foundation, 1997*

**Entrepreneurial value creation.** We first theorize entrepreneurship in terms of sustainable value creation and innovation. What is the essence of entrepreneurship? Is it the “pursuit of opportunity” beyond available resources (Stevenson 2000) ... Or is it “away of thinking and acting, that is opportunity obsessed (...) with the purpose of value creation” (Timmons 1994) a “...a subversive activity (that) upsets the status quo, disrupts accepted ways of doing things, and alters traditional patterns of behavior” (Smilor 1997)? What opportunity? What value? What behavior? And how can entrepreneurship be learned or, for that matter, taught? Recently, educational programs devoted to entrepreneurship have proliferated at business schools, from a handful in the 1980s to over 1600 in 2005 (Kuratko 2005). Such programs are today almost all built around a core module that seeks to simulate some type of venture creation: student teams are put together and, following a number of courses, are instructed to identify a market opportunity, develop a corresponding business model, build a community of stakeholders around their nascent project, write up a business plan and finally pitch before a jury, usually made up of entrepreneurs, investors and lecturers<sup>1</sup>. Research proposes situated learning, ‘emotional exposure’ (Pittaway and Cope 2007), an experiential transformation process (Politis 2005), exposure to discontinuation, to crises (Cope 2005; Deakins and Freel 1998; Taylor and Thorpe 2004), and to extreme time pressure (Smilor 1997:334). Students should step outside their ‘reality as a student’ (Pittaway & Cope 2007:227) and actively engage in becoming ‘insiders’ (Brown & Duguid 1991:48). But insiders of what? The term *value* in the “...purpose of value creation” (Timmons, 1994) inherent in many entrepreneurship definitions is today more often than not interpreted – and taught –, from a purely *economic* perspective. (etc.)

This stance, and a malaise that we share with a growing number of scholars with the reigning unified thought about education methods in entrepreneurship (and management for that matter) leads us to continuously experiment with novel pedagogic elements, involving individual and collective reflections on the self, on societal leadership, on moral agency in enterprise, and on the general development of a social culture (Raelin 1997; Raelin 2000). Very often, this search leads us to grapple with art.

If you cannot say it, point to it. *Ludwig Wittgenstein*

Art is not a handicraft, it is the transmission of feeling the artist has experienced. *Leo Tolstoy*

“I always took for granted that the best art was political and was revolutionary. It doesn’t mean that art has an agenda or a politics to argue; it means the questions being raised were explorations into kinds of anarchy, kinds of change, identifying errors, flaws, vulnerabilities in systems.” *Tony Morrison (Bogart, 2007:1)*

**Art, and artifacts, and entrepreneurship.** We then briefly frame our understanding of art, and more extensively the extant literature on entrepreneurship and art. It is the entrepreneurs themselves that first gave us the idea. As in some above citations of Steve Jobs (Apple) and Nicholas Hayek (Swatch), the metaphor of the artist plays a recurrent role in many autobiographies, interviews and other interactions with entrepreneurs. Many entrepreneurs like to see themselves as artists and we wanted to know why. As we began to study the phenomenon, we found both a budding body of research in management science grappling with art and, vice versa, some rapprochement from the arts toward management and organization science, the most developed being the interface treating the management of the arts (institutions). Still, with this latter exception, for the most part of the literature, management remains in the management corner and art literature firmly concerned with art. But theory on arts can be a source for inspiration for management science scholars – and more particularly so for entrepreneurship scholars. Beyond the numerous references to the nonconformity of both (Smilor 1997), the part of rebellion, of norm-transgression (Miller et al. 1997), of avant-garde, of work at the liminal (Turner 1974) and in the interstices of conventions and systems (Hjorth 2004; Hjorth 2007), we find that there are endless parallels and associations waiting to be studied. Too many phenomena ring a bell, many conditions for agency are very

similar, too many concepts, constructs and theories seem to directly address entrepreneurial issues. We purport, for the sake of debate, that entrepreneurs and artists can learn from each other, and that entrepreneurs can in many ways be viewed as artists. (etc.)

### **Methodology**

Informed by the afore going theoretical underpinning we present and discuss two recent longitudinal (4 months) pedagogic experimentations at a French business school, with two different audiences, one with students, and one with small firm entrepreneurs. In both cases artists, design students and other non-business profiles (linguist, geographer, chemist) completed the participant audience. We describe in some detail how the experimentations were conducted and what impacts were observed. The methodological approach was two qualitative inductive case studies. Data collection was done with ethnography, videos-documented role-plays, narrative interviews and written participant introspection. Data analysis was performed through coding and aggregation according to the Gioia method (Gioia, Corley& Hamilton 2012). Diverse triangulation measures were taken.

### **Results / Expected Results**

Results suggest that art in entrepreneurship pedagogy and acceleration can be a source of inspiration for many elements of entrepreneurial agency, such as the capacity to recognize and act upon opportunity, to create, to innovate, to frame, to raise funds, to bootstrap, to manage ambiguity, to persist in the face of adversity, etc. and that entrepreneurs can in many ways be viewed as artists. Especially, the use of artifacts in pedagogy are evidenced to act as boundary objects for co-construction processes between stakeholders and thus increase the sustainable quality of entrepreneurial processes and deliverables at various levels (start ups; events; product, process and service innovations). We concretely document and analyze how the use of artifacts at different stages of entrepreneurial becoming (students) and acceleration (entrepreneurs) privileges a more holistic and sustainable perception of value creation, in line with eg. the triple-bottom line approach (Elkington, 1998): instead of focusing on economic viability alone, such approaches integrate technological feasibility, economic viability and human desirability.

In this sense, early findings from these pedagogic experimentations make a striking case for the *need for paradigm-changing thought and agency* in entrepreneurship pedagogy. We argue our case and discuss an emerging conceptualization of our hypotheses. By end March we should have all our data processed and be able to empirically evidence fairly solidly the role of art and artifacts as determinants of social innovation in entrepreneurial agency at all levels – start up creation, partnership building and co-construction; product, process and service design. Based on this, we evoke some propositions on pedagogic content and form for the learning and teaching of enterprise at business schools and at business incubators and accelerators. This is work in progress and we forward it in the hope for dialog. We believe that objectivity does not repose on the lone shoulders of each author, but that it results from the interplay, and the dialog (Sachs 2003). If one is wrong, there surely is someone out there to point this out. If somebody bothers to answer, then the paper did stimulate somebody somewhere and thus fulfilled its most noble mission.

148 references upon request.

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# **Engaging students' learning through active learning**

**Margaret Fitzsimons Dublin Institute of Technology**

## **Abstract**

This paper discusses a project carried out with thirty six final year undergraduate students, studying the Bachelor of Science in Business and Management and taking the module Small Business Management during the academic year 2012 and 2013. The research had two separate objectives, 1) to engage in active learning by having students work on a consulting project in groups for a real life business and 2) to improve student learning. The Small Business Management previously had a group assignment that was to choose an article related to entrepreneurship and critic it and present it to the class. Anecdotally, from student feedback it was felt that this process did not engage students and also did not contribute to the key competencies necessary in order to be an entrepreneur. The desire was for students on successful completion of this module have understood better how business is conducted and equip them with core skills such as innovation, critical thinking, problem solving and decision making .Student buy in was achieved by getting the students to select their own groups and also work out between each group from a one page brief provided by the businesses which business they would like to work with. It was important for the businesses to also feel their time spent with students was worthwhile so they were presented with a report from the students at the end of the twelve weeks and invited into the College to hear the presentations from students. Students were asked to provide a reflection on their three key learning points from the assignment and to answer specific questions designed to understand what they learnt and how and their strengths and weaknesses (appendix 1). A survey was sent to the businesses that took part to understand their experiences (appendix 3). The results were very positive with student engagement and learning very high and feedback from the businesses demonstrated an appreciation of having a different generational perspective helping with their projects. The modules was successfully expanded for 2013 2014 to take account of feedback by increasing the weighting of the assignment for students, by introducing a reflection every two weeks and by keeping a log and minutes of all meetings with the businesses.

**Key words:** Action based learning, experiential learning, engagement, active learning

## **How black do you have to be, to be an Indigenous Australian Business?**

by

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### Keywords:

Aboriginal entrepreneurs, Aboriginal business identity, Blood quantum, Aboriginal business ownership, Aboriginal Small Business.

### **Track Title**

Minority

### **Paper Title**

How black do you have to be, to be an Indigenous Australian Business?

### **Aim of the Paper**

The aim of the paper is to highlight the hypocrisy and confusion within the major representative organisations, Government Departments and associated funding agencies that have conflicting definitions of what is an Aboriginal Business which isolates many by not allowing all Aboriginal enterprises to enjoy new found economic opportunities based on restrictive and often uncommercial parameters of what is an Indigenous Business in Australia.

### **Background Literature**

The word 'business' in an Australian Aboriginal context is often used to refer to customary forms of ceremony, ritual or kinship issues among family members. This paper analyses another important form of Indigenous 'business' in the capitalist economy of a modern Australia. Indigenous self-employed or entrepreneurs are becoming an increasingly important component of Indigenous economic activity for businesses are crucial for fostering independence from government welfare and the dominance of the non-Indigenous workplace. Policy makers and most other Australians recognise the importance of Indigenous business in enhancing social and economic outcomes of Indigenous peoples, but it remains surprisingly difficult to adequately define an Indigenous business. By not doing so many enterprises suffer funding opportunities and supplier contracts with corporates and government agencies.

The key literature utilised in the research will be government publications together with ancillary agency publications including lending guidelines. The analysis of these is then aligned to social commentary literature for there is little academic literature to draw on directly regarding the debate on what is an Indigenous business apart from the authors own writings and two colleagues. These are Foley (2000, 2005, 2006a, 2006b, 2013), Foley and Hunter (2013) and Mazzarol (2014). The dark side of this topic however is linked to an analogy of racist blood quantum literature such as Berry 2008, and Spruhan 2008. For if we are to define an Aboriginal business on any percentages of ownership by a non-indigenous authority or governing agency are we not journeying back to the

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colonial past of the Queens representative determining are we black enough? Should not an Indigenous business be determined on commercial situations and who benefits from the enterprise? One would think that under the post-colonial rhetoric of '*self-determination*', Aboriginal business identity should be determined by peers such as recognised Indigenous Chambers of Commerce.

The difficulty relating this to an international setting to the literature is defining the audience, the bounds of the topic, linking it to entrepreneurship studies, presenting facts and other opinions some of which mirror the author. All departments and agencies have been invited by email and letter to provide debate and substantiation their practices and guidelines. To their credit, Indigenous Business Australia (IBA) is the only participant to discuss the concepts with the author. The CEO of Supply Nation and other key industry players have ignored the author's attempts to discuss the issues. In general Aboriginal Chambers of Commerce, numerous Aboriginal Corporations, individual business operators and legal counsel support the papers recommendations, as they understand the broader ramifications of the author's suggestions. In Australia it would appear that the topic falls on death ears of some, who no doubt due to the cynical racist attitude of a proportion of society both black and white either don't care or wish to curtail Indigenous small enterprise access to opportunities.

Factual data will be used from government reports and snippets of monologue from qualitative case study analysis will also be used adopting the proven grounded theory approach of Glasser and Strauss (1967) together with case study analysis (Yin 2009).

## **Methodology**

As per the information in the background literature, the paper uses a range of disciplines, a multiple case study approach was applied in the independent studies (Yin 2002; Eisenhardt 1989) with a systematic literature review maintained (Tranfield, Denver and Smart 2003; Pittaway, Robertson, Munir, Denver and Neeley 2004) . Grounded theory applied (Glasser and Strauss 1967) and from the empirical evidence a thematic approach was then applied that is focused and unified (Thorpe, Holt, Pittaway and Macpherson 2006) bringing together related literature. Social commentary was also applied, in a professional unbiased manner as much possible and the original research (Foley and Hunter 2013) was shown to independent members of two legal Faculties for their opinion.

## **Results and Implications**

The results are a better understanding of what is an Indigenous business. It is not based on how black you are or on what percentage shareholding you have or cultural product, rather Aboriginal businesses are determined by who benefits from them, in employment, in skill development, and ultimately in third party Aboriginal benefits. A business should be determined as Aboriginal or not, by Aboriginals, not a suit in an ivory tower! When these issues were introduced on a well-known academic blog in Australia (Mazzarol 2014); within less than a day it received 1,387 unique readers log ins, republished multiple times and also tweeted multiple times. The readership was been in 72% Australia, 18% in the United States, 3% New Zealand and the UK and the remaining 7% from around the world. By Australian standards that is a high response.

It would appear that some sectors of society are interested in defining an Indigenous business to look at practical, culturally accepted and be commercially astute to ensure Indigenous people can participate in the dominant colonial economies that up until recently, have not welcomed them.

The Implications based on the existing blog readership would indicate positive social change and possible interest in providing a robust and defensible definition of what is Indigenous business that can be used to operationalize effective policy outcomes and facilitate the prospering of these Indigenous businesses.

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## **The marriage of qualitative and quantitative research establishing a theory on Indigenous Australian entrepreneurship**

by

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Keywords:

Australian Aboriginal entrepreneurs, qualitative analysis, quantitative analysis, case study,

### **Track Title**

Minority

### **Paper Title**

The marriage of qualitative and quantitative research establishing a theory on Indigenous Australian entrepreneurship

### **Aim of the Paper**

Indigenous Australians are; 'the most socially, economically and culturally disadvantaged group in Australian society' (Commonwealth of Australia 1992: 1). Similar statements have been repeated regularly in almost every government report pertaining to Aboriginal Australians since the 1991 findings of the Royal Commission into Aboriginal Deaths in Custody. Indigenous Australian disadvantage has its origin in the act of dispossession which has been compounded by many interconnected historical, social, economic and political factors that have been repeatedly identified. The independent hunter and gatherer society of pre-colonial Australia has been replaced by a marginal role in the modern Australian economy with many Indigenous people being largely dependent on welfare payments and other transfer payments. Of course the limited recognition of Native Title has given a minority of Indigenous Australians some leverage over resources; however in a modern capitalist economy, most citizens derive economic independence from wages from having a job or by self-employment in small business. This paper focuses on the second of these roads to economic independence by outlining some recent theoretical insights into Indigenous entrepreneurs and then attempting to construct an empirical test of that theory using recent survey data from the 2008 National Aboriginal and Torres Strait Islander Social Survey (NATSISS).

In the early days of the colony, exclusion from the labour market arose from the fact that Aborigines and colonists were often in open conflict (Butlin 1994). Institutional constraints on participation in the Australian economy became more prominent in the second half of the 19<sup>th</sup> century with the

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establishment of Aboriginal protection boards that controlled many aspects of daily life and any income. The excessive regulation of the lives of Indigenous Australians continued well into the 1970s which limited opportunities for education, and the often physical separation of families, limiting the prospects for economic engagement and development of social capital.

Notwithstanding these substantial impediments, after less than a decade of contact with the first settlers, Aboriginal people on the South Coast of NSW were engaged in commercial undertakings in bark for the tanning industry. Wattle bark was the first legume cash crop in Australia and provided an extract used for tanning throughout the colonies. By 1823, the tannin yielded from the bark-stripping labour of 'Aboriginal bush workers' was being shipped to Britain (Davidson and Davidson 1993: 215). Indigenous people were clearly engaging with the market economy in an entrepreneurial fashion from the earliest days of the Australian colony.

Crucially in the context of an analysis of Indigenous entrepreneurship, the opportunity to accumulate capital has been severely circumscribed. In colonial Australia, Aborigines were legally dispossessed of their land in 1770, followed by a prolonged process of physical dispossession. Nevertheless, in the 1860s a group of Aborigines led by Simon Wonga 'squatted' on a property near Melbourne they called 'Coranderrk', which was developed as a communal farm that generated considerable revenue (Pascoe 2008). While the local community initially gained some autonomy in the operation of the enterprise, financial control remained with the Aboriginal Protection Board. The appropriation of profits by the colonial authorities meant that there was no monetary incentive to develop the business; and hence after initial promise, the venture lapsed. Instead of the independent community enterprise envisaged by these Aboriginal proto-entrepreneurs, dependency on the state was perpetrated by bureaucratic control over their day-to-day lives.

Protection Boards, and related authorities, were eventually dismantled in the mid-20<sup>th</sup> Century, but they have left several legacies that ensure that Indigenous disadvantage has considerable inertia. The historical restrictions on Indigenous freedoms have limited the possibility for potential entrepreneurs to acquire an adequate education or secure employment (Klyver and Foley 2010). Having been dispossessed of land, and limited in the opportunity for capital accumulation and acquisition of labour market skills, it is not surprising that until recently relatively few Indigenous people have attempted to become entrepreneurs (Hunter 2013). Until recently Aboriginal Australia had few reserves in financial, social or human capitals (Foley & O'Connor 2013).

In order to understand how policy might encourage Indigenous entrepreneurship, we need to provide evidence about the situation facing modern Indigenous entrepreneurs. In addition to the long-standing historical disadvantages identified above, Indigenous entrepreneurs may be fundamentally different from other entrepreneurs because of cultural and social considerations. So how do we measure this? This is the aim of this paper, develop a theory of Aboriginal Entrepreneurship based on the qualitative analysis of case studies then apply the quantitative analysis to support or negate the theory.

The overall paper is the result of an ongoing research project between the two authors over several years who have sought to link a growing base of qualitative literature research findings with statistical analysis. However, due to the relative small size of the existing database quantitative analysis was not possible until the recent commercial growth of the Indigenous sector combined with the increased sophistication of statistical data analysis produced by the Australian Bureau of Statistics (ABS). Quantitative applications developed by Hunter are now available to measure the validity of the existing qualitative outcomes resulting testing the development of a theory on Indigenous Australian entrepreneurship. This paper attempts to do this, validate qualitative analysis against quantitative developing a framework theorising what is an Indigenous Australian entrepreneurship.

## **Background Literature**

A diverse literature based is used drawing on both qualitative and quantitative schools of thought and analytical processes, much of which is highlighted within the abstract.

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## Methodology

This paper presents a multivariate logistic analysis on the largest Aboriginal population living in non-remote areas who are self-employed along with a supplementary analysis of the incidence of cash flow issues from Indigenous self-employed. This supplementary analysis is necessary as cash flow measure in NATSISS (National Aboriginal and Torres Strait Islander Social Survey) is derived from a question on financial stress that many researchers would view as an outcome of self-employment rather than a pre-determined predictor of self-employment. While our preferred empirical strategy is to estimate separate logistic models of self-employment and cash flow issues, we also estimate a model of self-employment that includes cash flow problems as an explanatory variable, but it is not a significant predictor of Indigenous self-employment. Given that we have strong theoretical reasons to expect that cash flow is significant for self-employment, this result is likely to be a result of what econometricians call 'endogeneity bias' and possibly issues with the initial specification (Borland and Hunter 2000). Hence we estimate the predictors of cash flow separately across a csale of measures to illustrate the likely avenue by which access to liquid assets might affect the propensity to be self-employed and link these to the findings of co-author Foley ( 2000, 2005a, 2005b, 2006a, 2006b).

The initial methodology of the qualitative analysis uses a range of disciplines, a multiple case study approach was applied in the independent studies (Yin 2002; Eisenhardt 1989) with a systematic literature review maintained (Tranfield, Denver and Smart 2003; Pittaway, Robertson, Munir, Denver and Neeley 2004) . From the empirical evidence a thematic approach was then applied that is focused and unified (Thorpe, Holt, Pittaway and Macpherson 2006). In accordance with Australian Aboriginal protocols the names of respondents and participants remain anonymous and every attempt made to protect their identity.

## Results and Implications

Having outlined the relevant theories, predictions can be tested using available survey data.

The results discuss the concept of entrepreneurship in the context of Indigenous Australia. After outlining an Indigenous theory of entrepreneurship, we then identify key predictions of the theory so that they might be tested against available data. The 2008 National Aboriginal and Torres Strait Islanders Social Survey (NATSISS) is an omnibus survey that includes a range of data that can be used to test this theory. The empirical model uses multivariate quantitative techniques on this data to estimate the main factors that predict the probability of an Indigenous person being entrepreneurial. In addition to the educational and social factors associated with mainstream economic participation, Indigenous specific factors are also found to be significant. Which when you consider government funding and planning to date has been based on non-empirical skill sets, the findings of this paper are significant for government, industry and Indigenous economic development support groups to generate policy and/or understand the growing Indigenous sector.

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# **SME Transitioning toward Green Growth for Long-term Sustainability: the Role of Business Development Services (BDS)**

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**Key Words:** Sustainability, policy, small business management, internationalisation, capacity building and BDS, Green Economy

**Track Title: Sustainability**

**Workshop Title: SME Transitioning toward Green Growth for Long-term Sustainability: the Role of Business Development Services (BDS)**

**Aim of the Workshop**

The overall objective of the workshop is to share secondary research findings on:

- a) the lack of awareness of, and the importance of environmentally sensitive business models;
- b) the development of programming needs (BDS services) to include services provisions for SMEs in environmentally sensitive and green sectors building toward cost-effective and sustainable business practices.
- c) state of the art research that will inform the workshop on good practices, and appropriate assessment tools to encourage SMEs to adopt sustainability practices for Green Growth.

The role of small and medium-sized enterprises (SMEs) in their successful transition towards a Green Economy is a critical component of sustainable development. Developing countries have an essential role to play in promoting the global move toward sustainable development, and as such Green Growth industries need to be a major and core target. Although many countries have adopted sustainable development policy targets, results will only be achieved through the development and implementation of both broad-based policy responses and programming support. Since the inception of these measures designed to promote the production and trade of Green Growth goods and the development of green/environmental technologies, the depth of policy responses and the level of SME support have yet to be integrated into practical sustainability applications across sectors. In addition, the regulatory and legal environments which facilitate MSME start-ups and growth in the formal economy have yet to be fully versed in sustainability. As SMEs are particularly dependent on access to information and to green markets; skills programs; technologies; government procurement programs; supply chain linkages; and access to finance, this points to a compelling argument for Business Development Service providers able to facilitate, design and deliver Green-related knowledge and capacity building for the SME community.

While a vast array of policy options and mixes exist both across and within each Green Growth path, certain ones stand out as particularly user-friendly: Green subsidy reform; Public Private Partnerships (PPP); payment for environmental services (PES); government-backed financing for green business initiatives; public awareness raising campaigns on climate change, resource scarcity and Low Carbon Green Growth; Green public procurement; government funded Technical Vocational and Educational Training (TVET) for developing new Green skills, especially for small and medium-sized enterprises; Green Growth capacity building for public administrators and policy makers; government support for the adoption and transfer of Environmentally Sound Technologies (ESTs); prioritization of eco-efficiency indicators as measurements for benchmarking development progress; funding research on climate change and techniques for adaptation within and across industries, sectors and regions; voluntary environmental agreements (between governments and private sector); carbon and energy registries/energy and water auditing; and waste exchange programs.

The literature on environmental management and green innovation shows that most SMEs have been slow to adopt environment-related improvements. According to IFAC<sup>1</sup> and ACCA<sup>2</sup>, there are benefits associated with sustainability and MSMEs building toward a Green Economy. Note that SMEs are crucially important to the health and stability of the global economy, accounting for over 95% of all businesses and for the majority of private sector gross domestic product (GDP), wealth and employment creation, and social and environmental impacts. SMEs also account, on average, for about 50% of Gross Domestic Product of all countries and for 63% of their employment (ACCA 2010 and ACCA 2012). Specific estimates of SMEs' environmental impact range from 60% to 70% (Calogirou et al. 2010; Hilary 2004)<sup>3</sup> of all industrial pollution, demonstrating that while each SME's individual impact may be limited, collectively, SMEs represent considerable potential for making cuts to meet government commitments on carbon emissions and the use of energy. Consequently, SMEs are increasingly faced with pressure to measure and manage their environmental impact and their

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<sup>1</sup> IFAC, 2013. Sustainability: Challenges and Opportunities for SMPs and SMEs.

<sup>2</sup> ACCA, 2012. Embedding Sustainability in SMEs.

<sup>3</sup> ACCA, 2012

depletion of natural resources. SMEs are an integral part of the supply chain where there is a growing demand for sustainability management both from customers and suppliers, especially for those SMEs seeking to secure contracts with governments or larger companies. SMEs also need to ensure resources to continue to offer their products and services in the future.

Furthermore, growing evidence that sustainability initiatives points to a reduction in SME's carbon footprints and helps improve their bottom line. SMEs of all shapes and sizes—for profits and not-for-profits, public or private, across all industrial sectors - stand to yield significant benefits from adopting sustainable business practices. However, despite the importance of SMEs in the world economy and the sector's impact on social and environmental issues, SMEs have been relatively marginalised in the debate on sustainability and corporate social responsibility, and relatively ignored in academic research on CSR and high-level policy initiatives. This is changing and SMEs' role and the potential benefits from sustainable business are now being actively acknowledged and promoted and SME-specific measures and approaches will need to be adopted if efforts are to gain any significant momentum<sup>4</sup>.

Developing an SME approach to sustainability in business practice, business support or public policy will rely on understanding the dynamics of such a diverse sector. Initiatives that focus on engaging the MSME sector should not only take into account the differences between large companies and SMEs, but also the differences between micro, small and medium-sized enterprises. A crucial factor in engaging MSMEs will be the role of the owner-manager and initiatives that aim to increase the interest and uptake of sustainability in SMEs will have to engage owner-managers directly with a thorough understanding of their motivations. Realizing that SMEs with sustainability integrated into their business models result in access to new markets and increased business opportunities, business owners are encouraged by having a new strategic edge and increased competitiveness.

### **Literature review (desktop study)**

The paper and foundation for the workshop agenda is based on an extensive review of big-picture tools and policy analysis developed by government, multilateral development banks, UN agencies and international professional associations. Among those included: Industry Canada's SME Sustainability Roadmap<sup>5</sup> and Corporate Social Responsibility (CSR) Toolkit<sup>6</sup>; GEF-UNIDO Global CleanTech Programme for SMEs - Fostering Clean Technology Innovation in Emerging and Developing Countries; UNIDO's Effective Policies for Small Business - A Guide for the Policy Review Process and Strategic Plans for Micro, Small And Medium Enterprise Development; GEF's Investing in the Environmental Forefront – PPP; IFC Performance Standards on Environmental and Social Sustainability; International Good Practice Guidance Project and Investment Appraisal for Sustainable Value Creation<sup>7</sup>; OECD - Greening Jobs and Skills - Labour Market Implications Of Addressing Climate Change (OECD-LEED, 2010); and, Western University's NBS Primer: Business Sustainability for SMEs.

### **Workshop Methodology**

The interactive workshop will present the authors' key findings and through discussion provide a platform to introduce and test concepts and the BDS model with small business intermediaries.

### **Results and Implications**

This workshop will provide an introduction to sustainability concepts as these apply to SME business models. It will also provide an environment where concepts will be challenged and critiqued by workshop participants while discussing the needs of small business owners. The results of this open discussion will provide for identification and further refinement of programming needs for SMEs as well as a business model for Green Growth.

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<sup>4</sup> ACCA, 2012

<sup>5</sup> [http://www.ic.gc.ca/eic/site/csr-rse.nsf/eng/h\\_rs00174.html](http://www.ic.gc.ca/eic/site/csr-rse.nsf/eng/h_rs00174.html)

<sup>6</sup> Industry Canada\CSR Toolkit - Corporate Social Responsibility

**Track Title: Small Business Management**

**Paper Title:**

**Fair-weather friends? Small business stakeholder relationships during the GFC**

**Keywords: small business, stakeholders, stakeholder salience, GFC**

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### **Aim of the paper**

This study sought to explore how the global financial crisis (GFC) impacted the perception of Australian small business owners with respect to their stakeholder relationships. Changes in the perceived importance of stakeholders, termed 'stakeholder salience' by Mitchell, Agle and Wood (1997), were examined via a case study methodology according to four specific issues: **who** are stakeholders in Australian small business; how may relationships between small business and its stakeholders be **defined**; how have those relationships between Australian small business and stakeholders **changed** as a result of the GFC, and what were the possible **reasons** for changes in relationships between Australian small business and stakeholders caused by the GFC. The importance of the study was underwritten by much of the extant research into stakeholder relationships having focused on large public companies (Phillips, Freeman, Wicks 2003) with relatively little known about such relationships in small business (Galbreath 2006). This lack of research into small business stakeholder relationships may reflect an assumption that stakeholder relationships are the same regardless of business size. Similarly, the GFC offered a unique opportunity to investigate stakeholder relationships in Australian small business during a time of turbulence when stakeholder relationships could conceivably be tested, re-negotiated or possibly discontinued. Finally, the nature of the study lent itself to a later longitudinal examination of the dynamics of small business stakeholder relationships.

### **Background Literature**

Mitchell, Agle and Wood (1997) coined the term 'stakeholder salience' to describe the combined effect of *perceived* levels of power, legitimacy and urgency to determine stakeholders and their demands over time. As such, stakeholder salience is highly subjective as it may be influenced by a small business owner's personal characteristics and situational factors (Magness 2008; Jensen 2007; Morrison, Breen, Ali 2003; Atkins, Lowe

1993; Stead, Stead 1992). Although stakeholder theory has mostly been focused on large, publicly owned corporations, the model is not specifically or exclusively applicable to large corporations. Certainly small businesses also have relationships with various stakeholder groups, and such relationships may well also be affected by stakeholder salience. As suggested by Phillips, Freeman and Wicks (2003), this research attempts to test stakeholder theory in small business using Mitchell, Agle and Wood's (1997) model of stakeholder salience.

While definitions of small business vary between countries and even between regulatory bodies within countries, the most commonly used definition of small business in Australia, and the one used in this study, is the Australian Bureau of Statistics (ABS) definition of a small business as one that employs less than 20 people (ABS 2008). This definition covered 1.88 million small businesses, approximately 95% of all businesses in Australia (COSBOA 2009).

At the core of most definitions of stakeholders is the idea that stakeholders are individuals or groups capable of generating change or acting in a way that could potentially challenge the survival of the organisation and which therefore warranted attention by management of the organisation (Mitchell, Agle and Wood 1997), an idea embodied in Freeman's (1984) classic definition of stakeholders as "*any group or individual who can affect or is affected by the achievement of the firm's objectives*" (1984: 25). This study has adopted Freeman's definition of stakeholders.

Consistent with Freeman's (1984) stakeholder definition, groups such as owners, managers, suppliers, employees, customers, local community and government appear to be common stakeholders amongst most businesses (Carroll and Buchholtz 2009; Gadenne, Kennedy, McKeiver 2009; Porter 1985). However, as Fassin (2008) and Storey (1994) observe, which groups may be stakeholders and their relative importance, may vary depending on many factors, including economic conditions and firm size.

Of specific relevance to this study were two observations of Mitchell, Agle and Wood (1997); first, that stakeholder relationships may change over time in response to situational factors and perceptions of change and second, that economic conditions may affect stakeholder salience as the balance of power, perceived levels of legitimacy and/or levels of urgency change. Situational and economic changes due to the GFC were numerous with evidence that reductions in sales revenue, size of workforce and subsequent government interventions (Sensis 2009; MYOB 2009; ACCI 2009; Emerson 2009) put stakeholder relationships into a period of flux. The GFC introduced a crisis of confidence that impacted on relationships between Australian small business and stakeholders such as customers, suppliers, employees, and banks (Ellis 2009; Debelle 2009). At issue in this study, therefore, is who do Australian small business owners perceive as stakeholders of their business and has the GFC impacted these relationships in any meaningful way?

## **Methodology**

An inductive, qualitative research strategy was adopted focusing on the poorly understood, complex area of changing stakeholder relationships in Australian small business (Bryman and Bell 2003; Carson, Gilmore, Perry and Gronhaug 2001). To this point, a case study methodology was useful in pursuing understanding of the 'how' and 'why' of complex and poorly understood phenomena (Davis 2007; Tharenou, Donohue and Cooper 2007). Six owners of independent small businesses located on the Central Coast of New South Wales, Australia were purposively selected for interview (Kayrooz, Trevitt 2005; Yin 2003; Kvale 1996; Stake 1995).

Data collection from each of the six cases involved face-to-face interviews with the owners, guided by a semi-structured questionnaire which allowed the respondent to tell their 'story' of changing stakeholder relationships in the context of Australian small business during the GFC (De Geer, Borglund, Frostenson 2004). The cases represent a range of industries and consequently cannot be statistically representative of either the industry or location.

Data analysis was performed in two stages. Firstly, the individual cases were critically examined to understand the specific organisational context and stakeholder interactions within each case (Kayrooz & Trevitt, 2005; Yin, 2009). The main, second step of the data analysis was the cross case data analysis. The purpose of the cross case analysis was to compare and contrast findings between case studies, to explore common themes, patterns and trends. Descriptive statistical analysis was facilitated by the use of pre-coded measurement scales.

## **Results and Implications**

Analysis of data from the six case study respondents produced clear indications about each of the four dynamics under investigation: **who** are key Australian small business stakeholders; how stakeholder relationships may be **defined**; the substantial **change** in relationships brought on by the GFC; and possible **reasons** for those changes.

All respondents strongly agreed or agreed that customers, suppliers, owners, and government were seen as stakeholders; that is, they fitted Freeman's definition of stakeholders as groups with ability "*to affect or be affected by the achievement of the firm's objectives*" (Freeman 1984:25). The local community seemed on the periphery of the Freeman (1984) stakeholder definition: an 'optional' stakeholder more important to some businesses than to others.

Similarly, there appeared to be strong consistency between the findings about **who** the stakeholders are in Australian small business and the **definition**, or salience of stakeholders for the most important stakeholders, owners and customers; and for the least important stakeholder group, local community. There appeared, however, to be less consistency for the stakeholder groups in the middle – suppliers, employees, family and government.

Exploration of reasons for changes in stakeholder ratings indicated small business owners appeared to have a clear interest and deep understanding of their most salient and dynamic stakeholder relationships; namely, with customers, suppliers and owners. Changes to relationships with customer, supplier, employees and owners were re-negotiated as needed, as the GFC progressed. On the other hand, while relationships with less important stakeholders such government and local community were recognised, these relationships appeared to be of less to owners. Small business owners appeared to feel government did not understand business and had few expectations of effective support or interest from government.

In sum, the GFC offered a unique opportunity to investigate stakeholder relationships in Australian small business during economic turbulence, a period of time when stakeholder relationships were tested, re-negotiated and sometimes changed. Important findings emerged about **who** are the stakeholders in Australian small business; how relationships between small business and stakeholders may be **defined**; the **change** in those relationships brought about by the GFC; and **reasons** for those changes in relationships. The key stakeholder groups in Australian small business were identified as customers, suppliers, employees, owners, family, local community and government. Using a stakeholder salience rating approach developed for this study, it was possible to define the most salient stakeholder group, possessing the highest overall level of power, legitimacy and urgency, as owners, followed in decreasing levels of salience ratings by customers, family, suppliers, government, employees and local community. Measuring changes in stakeholder ratings between 2007 and 2009, revealed shifts in relationships with customers, suppliers, employees, owners, family and the local community during the GFC. Exploration of reasons for changes in stakeholder ratings indicated small business owners appeared to have a clear interest and deep understanding of their most important and dynamic stakeholder relationships; namely, with customers, suppliers and owners. In particular, this study demonstrated how relationships between Australian small business and stakeholders may be defined, by measuring and rating stakeholder salience: the degree to which a stakeholder possesses one or more of the three attributes of power, legitimacy and/or urgency. Rating the degree, not just detecting the mere presence, of power, legitimacy and urgency, allowed a more fine-grained rating of stakeholder salience. Development of this instrument to measure and rate stakeholder salience at different times, opens up the possibility of measuring changes in stakeholder status over time and in response to major events such as the GFC. An obvious opportunity exists to re-examine the present status of the six case studies to provide a longitudinal context.

# Effects of the Business Succession Process on Entrepreneurial Behavior: The MBI Case

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## Keywords:

Business succession, family firms, small- and medium-sized firms, entrepreneurship theory.

**Track title:** Family Business

**Aim of the paper:** Family-external business succession and especially its nature as a process and its effects on firms' entrepreneurial behavior are still under-researched. Matters such as the availability of owner-managers' resources for managing their businesses entrepreneurially during times of business succession, employees' discretion in supporting their leaders during such processes or new owner-managers' acquisition of firm-specific knowledge and their ability to make firm-specific decisions during such processes stand in the fore of this paper. By making use of entrepreneurship theory, the paper aims to explore these effects and draws on a qualitative, multiple case-study.

**Background literature:** Lang-von Wins, Leiner, Schmude and Rosenstiel (2004) note that researchers have not been able yet to specify the multiplicity of variables affecting the business succession process adequately. Such inability partly stems from methodological challenges. Indeed, Scholes, Wright, Westhead, Burrows and Bruining (2007) refer to the difficulty of gaining access to stakeholders in the succession process. This appears to be linked to reports of family firms being "difficult to access for research purposes" (Daily and Dollinger, 1993: 79). Such difficulty becomes particularly critical when attempting to study interactions and processes between employees and owner-managers as such a research objective most likely requires an in-depth case-study approach (Wright, Thompson, Robbie and Wong, 1995). Yet, family businesses' owners have been described as possessing a "lack of interest" (Brockhaus, 2004: 171) in participating in field studies. Unfortunately, it is precisely a "multi-level perspective" (Wennberg, Nordqvist, Baú and Hellerstedt, 2010: 8) that research on business succession in general (Lang-von Wins et al., 2004), and on those cases associated with the transfer of both ownership and management in particular (Freiling and Gersch, 2011), have been recommended to take due to the variety of stakeholders involved. Unsurprisingly, then, Lang-von Wins et al. (2004) note that, although first contributions as to business succession arrived as early as in the 1950s (e.g. Christensen, 1953), especially empirical and theoretical contributions regarding family-external succession processes have remained rare.

The present paper focuses on small- and medium-sized family businesses. These are often quite dependent on a single decision-maker (Gersick, Davis, Hampton and Lansberg, 1997; Freiling, 2008). It is thus relatively unsurprising when research on family-external business succession comes up with evidence on serious managerial interruptions that arose after old owner-managers had handed over to their successors and left the firms (Howorth, Wright and Westhead, 2007). However, research on the reasons for such interruptions tends to be anecdotal and it continues to be rather uncertain how the process of external business succession might be related to it. Still, not only can the business succession bring about managerial obstacles, it also has the potential of leading the way for a strategic renewal (Dyck, Mauws, Starke and Mischke, 2002; van Teeffelen and Uhlaner, 2010).

**Methodology:** Resulting from the under-researched character of the topic, attempting to uncover informants' stances about the business succession process and thus gaining information that is relevant to them (Gioia and Pitre, 1990) is seen as a crucial procedure for the present research. Thus, at this stage of research a qualitative method is perceived as viable to achieve this task (Maxwell, 2005). Even more so, it is argued that a deductive-inductive research approach for conducting this study is warranted. This approach allows for exploring the process of family-external business succession by following some deductively pre-structured

causalities and making use of their benefits such as guidance for the data collection (Miles and Huberman, 1994). The deduction of causalities rests on entrepreneurship theory, especially the theory of entrepreneurial functions (Freiling, 2008). Still, the inductive part leads to an openness towards unanticipated insights, categories or relationships which is regarded necessary due to the under-researched nature of the phenomenon at hand (Miles and Huberman, 1994; Eisenhardt and Graebner, 2007).

A multiple case study (Yin, 2009) was conducted in the course of the present research due to its concern with the relatively new and contemporary embodiment of management buy-ins (Robbie and Wright, 1995). Given such a relative newness it is deemed reasonable to approach the succession process within its real-life context and by utilizing multiple sources of evidence (Yin, 2009). A total of three firms which underwent a family-external business succession via management buy-in between 2009 and 2012 have been involved in the study. Due to the obstacles of being granted access to family firms (Daily and Dollinger, 1993), a quasi-longitudinal or retrospective research design with a focus on differentiating among relevant phases (de Vaus, 2001) was selected. Retrospective or quasi-longitudinal research designs allow for a reconstruction of data that emerged over a certain time period by gathering data at only one point in time (de Vaus, 2001).

**Results and implications:** Based on the empirical evidence, by and large the previous owner-managers' level of involvement in the firms' entrepreneurial activities was indeed somewhat lower than before the pre-succession phase. In all three cases, previous owner-managers were involved in the pre-succession phase and in issues such as the preparation of the due diligence. Indications of lower levels of involvement by these persons were discovered in all three cases, although to varying degrees.

While in all three cases it was possible to delegate entrepreneurial functions to managerial employees (or external stakeholders such as regarding the preparation of the business succession transaction), it also came along with noteworthy problems such as a lack of alignment among functions or having employees being incapable of taking on such responsibility.

In the immediate post-succession phase, the new owner-managers nearly unanimously lacked in-depth knowledge of either products, markets or both, while simultaneously were able to initiate rather strategic and universal matters. Furthermore, there has been evidence pointing towards the relationship between a lack of specific knowledge and being forced to accept the status quo in such areas. There was no evidence as to any interruptions of the firms' entrepreneurial behavior, rather the new owner-managers' strategic leeway was restricted in some areas due to a lack of precise information. In relation to this, managerial employees were comprehensively assigned the tasks to operationally handle a lot of activities within entrepreneurial functions. However, the empirical evidence points towards the necessity of having the right and available employees carrying out the right activities.

Finally, there has been substantial evidence pointing towards the need for new owner-managers to prioritize activities in the post-succession phase. Thus, it seems as if new owner-managers' stances as to the requirement of tackling certain activities and functions lead to differing levels of the carrying out of individual entrepreneurial functions. It appears likely that such prioritization depends on individual firms' specific circumstances and urgent needs.

While a variety of succession-induced tasks can reduce incumbent owner-managers' resources for steering their firms' entrepreneurial behavior in a pre-succession phase, such reduction can be partly prevented by delegation to qualified and empowered subordinates or outsiders. Existing beneficial routines or management principles were found to be able to contribute to a stabilization of firms' entrepreneurial behavior during such a pre-succession phase. In the post-succession phase new owner-managers were found likely to possess incomplete firm-specific knowledge, but also to tackle a lot of areas requiring only universal knowledge. Strikingly, the empirical data point towards a prioritization of tasks by new owner-managers that in some cases was due to matters that arose in the pre-succession phase. This implies the potential influence of such firms' entrepreneurial behavior in post-succession phases by pre-succession occurrences. More empirical research is deemed necessary in order to further explore and substantiate such a potential factor in family firms' post-succession behavior.

# International New Ventures – How Do They Learn to Survive?

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## Keywords:

International New Ventures; Organisational Learning; Born Transnationals; Absorptive Capacity.

**Track Title:** Internationalisation

## Aim of the paper

Focusing international new ventures (INV), the paper illuminates the pivotal role of organizational learning when these young firms strive for corporate survival. Building on an extended version of the Crossan et al. (1999) organizational learning model, the paper presents a set of research propositions. These propositions contain elements of the organizational learning process of INV. It is argued that the alignment of these elements allows learning cycles that drive INV's survivability in international competition. The propositions undergo a first reality check based on a cross-case analysis of four international new ventures.

## Background literature

INV are newly founded firms with limited foreign business and institutional knowledge and no proven domestic operations in the back. If there is foreign experience relevant to business issues is available, it is typically bound to the entrepreneur(s) so that it is not institutionalized, yet (Oviatt and McDougall, 1994). However, the knowledge base available to the organization helps INVs in coping with critical start-up problems, namely liabilities of newness, smallness and foreignness (Arenius, 2002; Coviello, 2006). Insofar, available knowledge to the founder(s) is to be extended and to be transferred to other individuals or groups involved in INVs value-added structures so that it penetrates the entire value network of the company. In this vein, the question arises how INVs generate and institutionalize new knowledge and adapt their knowledge base to changing environmental conditions. The '4I' organizational learning model of Crossan et al. (1999) provides us with four different steps according to Figure 1 that enable organizational learning by intuiting, interpreting, integrating, and institutionalizing. Freiling and Fichtner (2010) extend this internal learning model by considering the absorption of knowledge from external sources. The 'learning chain' of the extended Crossan et al. (1999) model (Figure 1) explains organizational learning the feed-forward way from individuals to the organizational level in a development phase where these organizational layers are formed. At the same time the model addresses feedback learning processes from the organizational layers to 'lower' ones.

---- Fig. 1 goes about here ----

However, what is still open is the identification of crucial factors fueling the organizational learning process at every step. Thus, this paper raises the following research question: What are the core factors of organizational learning and how do they allow corporate survival of INV?

## **Methodology**

To better understand the driving forces of external and internal learning processes of INV, we employ a conceptual approach at a first step. This approach is theory-driven for the sake of identifying core causalities and developing research propositions. Another step seeks to confront the propositions with a first reality check. To get a rich description of the learning process, we employed an interpretive case study method and conducted in-depth case studies to gain deeper insights (Yin, 2009). The problem is that a lot of factors at every step of the organizational learning process might have a certain impact (Freiling and Fichtner, 2010). Despite the theoretically derived propositions it is thus useful to be open to consider other factors as well which matter from the interviewee's point of view. Therefore, semi-structured interviews were conducted with a narrative part allowing interviewees to tell their 'story' independent of the model and the causalities in use. In the second part of the interview, however, questions point to the research propositions. The cases were all developed with German firms that have started their international business (almost) right from the scratch (within the first two years after foundation).

Cross-case analysis was conducted to connect insights from different contexts (Barratt et al., 2011). As for the number of case studies we followed Eisenhardt's (1989) reasoning. Eisenhardt (1989) suggests a minimum of four cases for the purpose of analytical generalization within cross-case research. She argues that larger numbers of cases are too difficult to handle due to the growing complexity of data. Following this train of thoughts, we developed four case studies.

## **Findings**

The data shows that in case of organizational learning absorbing external knowledge plays a pivotal role, indeed. INV, however, do not implement clear search strategies right from the scratch but make their first steps very much based on instinct and gut feeling. In later steps, instead, patterns for deliberate search emerge. Whereas internal knowledge generation very much rests on alertness the internal dissemination is based on transactive knowledge in every case. Intimate knowledge about other people in the INV and in the entire network is considered a crucial cornerstone of organizational learning. Obviously, newly developed knowledge has to be shared with the 'right' people to take the next step in the learning knowledge. Among the other factors, decentralizing decisions for a better integration of knowledge, a synergetic corporate culture, and a transformational leadership style are important parts of the wheel of learning as well. However, their role in the organizational learning process is a bit different from what could be expected based on the conceptual considerations that back up the propositions.

The cases reveal that the interconnectedness of the factors on the different ontological levels make a difference in the run of organizational learning processes and the chances of survival. The interviewees expressed that the availability and transfer of tacit knowledge matters and that developing routines is a core prerequisite for effective learning processes in INV.

## **Results and Implications**

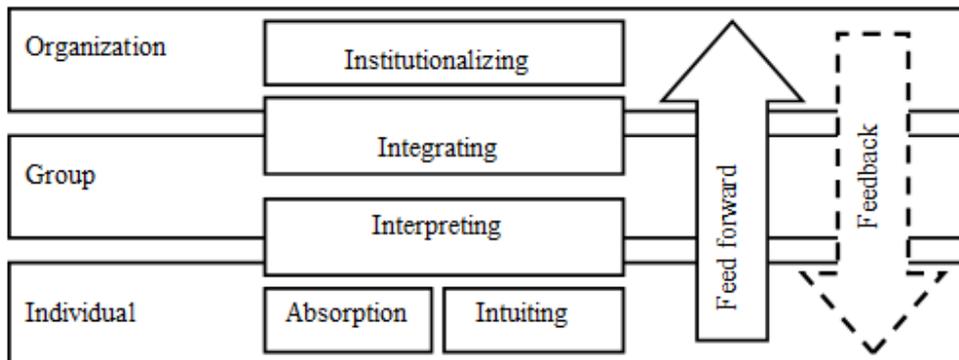
Against this empirical background, one proposition passes the first empirical test without any modification. As for the other five propositions major or minor specifications and modifications deem necessary. The paper considers this first empirical feedback and presents the modified propositions that could guide further research on this topic.

The paper advances the state of research as follows: first, among the considerable number of factors that it identifies crucial levers of INV learning at different organizational layers. Second, these theoretically prioritized factors are empirically checked to prepare more focused on-going research. Third, the paper introduces a modified and specified set of variables that need internal alignment to foster organizational learning and corporate survival. Thereby, it illuminates factors the interviewees consider as the most critical ones to learning and survival.

The findings provide entrepreneurs in INV with hints for knowledge management. The findings reveal that entrepreneurs should be open-minded to identify business opportunities as levers of learning that would get out of sight otherwise. Moreover, fostering self-dependent action of people involved may fuel the wheels of learning considerably. The same holds for an open corporate culture that helps in connecting the different international locations.

The findings should be handled with care as the number of cases is rather low so that the paper may not claim any generalization. Moreover, although typical principles of ensuring validity and reliability were respected, interviewee biases are possible. Since all companies survived the first years, the findings are survivor biased.

Fig. 1. The Extended Learning Process of Crossan et al. (1999)



Source: According to Freiling and Fichtner (2010: 161)

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## **Constraints to Growth in Rural Tourism Small Businesses**

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Key word: small businesses, growth, attitudes, skills, constraints

**Track title:** Small Business Management (other tracks may also be suitable)

**Paper title:** Constraints to growth in rural tourism small businesses

### **Aim of the paper**

In the literature on small business growth, entrepreneurs have been differentiated into those lifestyle and growth-oriented intentions. However, this may not always be the case and entrepreneurs with growth intentions may find themselves running lifestyle businesses and vice versa. This article examines whether evidence can be found to support the general assertion that growth depends on the strategies of the entrepreneurs or whether it depends on the type of business and other internal and external factors.

### **Background literature**

There may be barriers to growth in a small business, for example, lack of finance or insufficient management skills. Churchill and Lewis (1983) found that different skills were needed to manage the business as it goes through different stages of growth. Leach and Kenny (2000) found that one of the constraints to growth was managing people. This may be a drawback in that growth firms need to employ people in order to take over responsibilities from the entrepreneur to allow them to focus on expansion opportunities. The ability to build a team to help manage growth is also important (Vyakarnam, Jacobs and Handelberg 1999). However, most entrepreneurs are, by their nature, independent and are reluctant to give up control of the decision making which can then limit their growth prospects.

Scott and Bruce (1987) identified that different management skills were required at the different stages of growth. In the inception stages, the management is entrepreneurial and unstructured. As the business grows the management becomes more structured and professional. Greiner (1972) found that, as each firm moves from one stage to the other, there may be a crisis. If the small business can survive the crises then it can carry on growing. If not, it may fail or restructure to a size that can be managed by the entrepreneur. Developing good management skills is also importance for growth and reducing the risk of failure (Fullerlove, 2006).

The argument over whether growth firms are young or well established is still not clear. Although there is some evidence to indicate that new firms have the fastest, there is also evidence of growth amongst well established small firms (Mason & Brown, 2013). Nunes et al. (2013) found that more established firms grew more slowly than new firms and that the smaller SMEs also grow more quickly than larger SMEs. The smaller and newer SMEs may grow quickly to reach a stage at which they are viable whereas the older ones have already reached the survival stage. Access to finance may be a constraint to growth and newer firms without a financial track record may find it difficult to raise money to expand. However, this may act as motivation to run the business more efficiently and at a lower cost than if there were large financing costs.

Although government support is largely targeted towards innovation and financial assistance there is evidence to suggest that high growth firms actually grow because of their sales and marketing (Parker et al., 2010). Developing international markets is also a characteristic of high growth small forms. Networks are also able to help small firms grow by increasing knowledge and sharing information and opportunities and opening up export markets.

Some entrepreneurs look for a way of improving their lifestyle and are not interesting in increasing the size of the business. Others may not have the skills to grow the business bigger than can easily be managed by one or two people. Wiklund et al. (2003) looked at entrepreneurial attitudes towards growth and found that non-economic concerns were more important than financial consideration in determining attitudes towards growth. In fact, some entrepreneurs do not want to grow their businesses for personal reasons. Some of the concerns include that the entrepreneurs don't want to lose control of their business, the degree of independence and the ability to survive. The person's intentions and attitudes are sometimes more important than financial gain.

## Methodology

This article specifically looks at small tourism related businesses in rural mid and West Wales. Three case studies were chosen for an in-depth study of the attitudes of the entrepreneurs towards growth and the issues they faced. The entrepreneurs were interviewed on an individual basis and this was followed up by telephone calls regarding outstanding questions. The results were then analysed using NVivo.

## Results and Implications

The results revealed that the entrepreneurs had set the constraints themselves by focusing their business on a particular segment or a geographical area. The more common constraints such as funding and problems in accessing other resources such as finance and skilled labour did not apply. However, one of the main constraints was lack of management skills and the availability of a second tier of managers who could grow the business. A high locus of control in the entrepreneurs also meant they were unwilling to delegate strategic decisions. These findings illustrate the importance of developing a second tier of management even in smaller businesses if they are to survive and grow.

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## **Heroic Dimensions of Entrepreneurs**

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**Track Title: Theory and Methodology****Heroic Dimensions of Entrepreneurs**

*The small business is the idealized social form of our time. Our culture hero is not the artist or reformer, not the saint or scientist, but the entrepreneur. Autonomy, adventure, imagination: entrepreneurship comprehends all this and more for us. (Deresiewicz, 2011)*

In the opening quote, Deresiewicz astutely observes that our culture worships the entrepreneur, but he also expresses concern that we value entrepreneurship too much (2011). In contrast, the theoretical and scientific literature on the study of heroism suggests that perhaps we actually do not value the entrepreneur enough. Entrepreneurs may be the single most underappreciated class of heroes in human history.

**Background Literature**

Research on entrepreneurial characteristics is prolific and the literature has already given us strong meta-analytic evidence of entrepreneurial traits and their outcomes (Brandstätter, 2011). Scientific exploration of the value and effects of entrepreneurial heroism, however, is a vein of peer-reviewed literature that is yet in its infancy and published empirical research of scientific rigor on the topic does not exist (Franco, Blau, and Zimbardo, 2011). Especially given that the leaders and entrepreneurs of tomorrow, Generation Y, envision a business world of more evolved leadership, innovative thinking, social accountability, and positive community impact than ever before (The Deloitte Millennial Survey, 2014), a scientific understanding of heroic cognitions, behaviors, and intentions is critical to the success of tomorrow's business world.

Society is inundated with fictional exemplars, the "Heroic Elect" (Hughes-Hallett, 2004), who entertain us and inspire right-action (Medin, 1989, pp.1472-1473). However, more authentic heroic exemplars, like entrepreneurs, are frequently overlooked. Discourse is sparse concerning the everyday heroism of people who regularly make real sacrifices to improve the lives of others. Who are these individuals? A recently-proposed taxonomy of heroic subtypes posits two general categories of everyday heroes based upon the genre of potential jeopardy in which individuals may find themselves by choosing to act on behalf of others: physical harm or social peril (Franco, Blau, & Zimbardo, 2011, p.102). There are also twelve classes of heroism that are distinguishable by the social arena in which heroic individuals act (e.g., military, civil, religious, scientific, etc.) (Franco, Blau, & Zimbardo, 2011, p.102).

Even within the taxonomy of everyday heroism, however, there is a societal contributor that is not directly acknowledged: the entrepreneur. Why? Perhaps historical accounts from the industrial age still shade society's perception of the entrepreneur. Critics yet debate whether hugely-successful entrepreneurs, like Carnegie, Ford, and Rockefeller, were captains of industry that helped society or robber barons that sought solely to profit from it and maintain their public image (Scranton, 2013). Even when tycoons of the modern era, like Bill Gates, Mark Zuckerberg, Richard Branson, and Elon Musk, coordinate a massive campaign like the Giving Pledge to donate billions of dollars to societal programs, they are still vilified by some who believe the extent of their wealth accrual itself is criminal (The Giving Pledge, 2014). Society hears quotes like, "I did every horrible thing in the book, just to get revenues right away," from entrepreneurs like Mark Pincus and the popular belief is propagated that such a selfish ideology must generalize to all entrepreneurs (Arrington, 2009).

The traditional definition of entrepreneurship and the theoretical definition of heroism are also at odds, which may further help to explain why entrepreneurs are vilified. The term entrepreneur means "one who organizes, manages, and assumes the risks of a business or enterprise in order to make money" (Merriam-Webster, 2014). The term heroism carries connotations of selfless bravery that appear to be diametrically opposed to the goals of the entrepreneur. Heroism is defined as a four-dimensional behavioral paradigm that necessitates voluntary action, acceptance of consequences, the potential for great physical or social risk, and no thought of extrinsic reward for undertaking a course of selfless action (Franco, Blau, & Zimbardo, 2011). Although cultural schemas for the term "hero" and the term "entrepreneur" differ greatly, in fact, comparing the definitions of the two terms reveals that they are largely synonymous. The first three dimensions of heroism (voluntary action, acceptance of consequence, and risk) are requirements of all entrepreneurial ventures. However, the fourth dimension of heroism, taking selfless action without thought of extrinsic reward, stands at odds with some entrepreneurial paths that have sought the accrual of personal wealth over the desire to serve social human needs (e.g., Bernie Madoff). Nevertheless, there are entrepreneurs who meet all four criteria of heroism.

In the few writings and films that discuss entrepreneurs as heroes, they are staunchly defended as great champions of capitalism (Norberg, 2007; Scionka, 2007). The argument put forth is that entrepreneurs require noble human virtues to succeed as they assume enormous risk to meet important social needs, and that their efforts are the primary engine that drives society forward into progress (Scionka, 2007). Although successful entrepreneurs may also accumulate wealth in pursuit of serving a human need with their ventures, the financial means they possess are merely a representation of the social wealth they have sacrificed much to create (Hanna, 2008). Additionally, many entrepreneurs are freely-giving of their resources, generously contributing to others' efforts to generate social and human capital that helps society and its individuals to advance. There is also a unique subclass of entrepreneurs, social entrepreneurs, whose ventures defy the traditional definition of entrepreneurship. Their efforts focus exclusively upon the creation of innovative social programs and systems that directly serve the direst of social needs and the impact of their work is being well-documented (e.g., Stanford Social Innovation Review, 2014). Such individuals take on many of the same risks as more traditional entrepreneurs, but do so completely without thoughts of extrinsic gain.

The question, therefore, remains: Are entrepreneurs rightly absent from the list of heroic subtypes (Franco, Blau, & Zimbardo, 2011, p.102), or have they been wrongfully excluded?

### Specific Aims

There are four specific aims of this research that seek to answer the question, "Are entrepreneurs heroic?" (Figure 1).

- 1) To develop and validate a scale of heroic cognitions for entrepreneurs.
- 2) To determine whether a positive relationship exists between entrepreneurial orientation and heroic cognitions.
- 3) To test the unique predictive validity of heroic cognitions in an entrepreneurial trait model of intentions to engage in social entrepreneurship.
- 4) To determine whether the interrelationships among factors in the predictive model are moderated by strength of entrepreneurial intention (high versus low).

### Methodology

In pursuit of the specific aims, the proposed research deductively developed a scale of Heroic Cognitions from the literature, according to widely-accepted methods of scale development (Hinkin, 1998).

After proceeding through content validation where a jury of independent SME peers will rate the alignment of each item with the construct of Heroic Cognitions, the scale will be reduced to the minimum number of items necessary to adequately measure the construct. The Heroic Cognitions scale will then be administered to a new sample with all other study scales: concern for others (Ravlin & Meglino, 1987), altruism (Rushton, Chrisjon, & Fekken, 1981), the Dark Triad (Jonason & Webster, 2010), intentions to engage in social entrepreneurship (Koe Hwee Nga & Shamuganathan, 2010), and entrepreneurial orientation (Lumpkin & Dess, 1996). While controlling for demographic variables, the results will be analyzed to test the relationship between entrepreneurial orientation and heroic cognitions, the unique predictive validity of heroic cognitions in an entrepreneurial trait model of intentions to engage in social entrepreneurship, and whether the interrelationships among factors in the predictive model are moderated by strength of entrepreneurial intention (high versus low).

### Results

Specific aim 1 has been completed. A 40-item Heroic Cognitions scale was deductively generated from the theoretical definition of heroic action (Franco, Blau, and Zimbardo, 2011) and administered to an initial sample ( $n = 254$ ). The scale was analyzed via exploratory factor analysis (Hinkin, 1998). A scree plot derived from principal components analysis (PCA) with Eigen values greater than one indicated that heroic imagination is composed of three dimensions. Subsequent principal axis factoring with pre-specification of a three factor solution and Promax rotation (factor correlations were greater 0.20) demonstrated the following factors: self-sacrificial self-efficacy, acceptance of sacrificial consequences, and rejection of selfishness. Prior to further planned scale refinements, the scale was determined to possess good internal reliability ( $\alpha = .81$ ). Data collection is currently in progress to address specific aims 2-4.

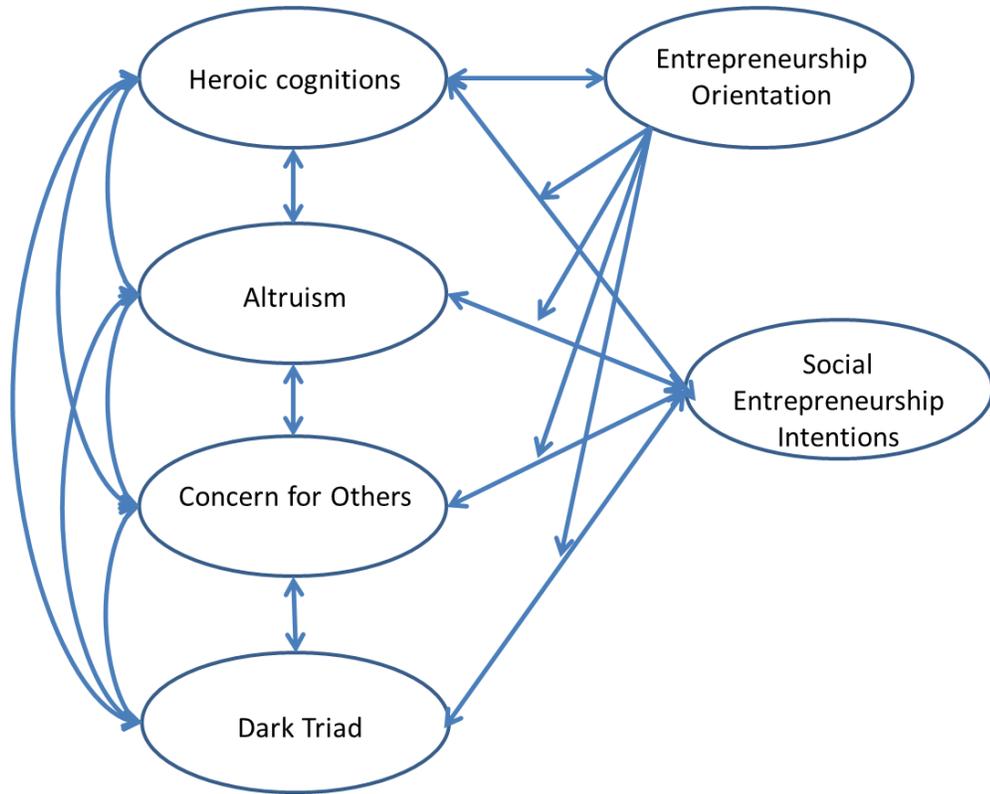


Figure 1. Research model of incremental validity provided by heroic cognitions in the prediction of social entrepreneurship intentions, moderated by the strength of entrepreneurship orientation.

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## **Self-Regulation and Entrepreneurial Learning**

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## Track title – Education

# Self-Regulation and Entrepreneurial Learning

### Aim of the Paper

Entrepreneurial learning research about opportunity recognition and exploitation has primarily focused on experiential learning (Corbett, 2005, 2007; Kolb, 1984), the role of prior knowledge (e.g. Dimov, 2007) and, more recently, the role of metacognition and cognitive adaptability (Haynie & Shepherd, 2009). Despite these efforts and the importance of entrepreneurial learning we still lack knowledge about how entrepreneurs develop their learning skills and adapt their learning process to achieve appropriate learning results in unfamiliar situations. For example, explanations of why novice entrepreneurs with low prior experience are more successful than others are scarce (Haynie, Shepherd, & Patzelt, 2012). One explanation is that experience might reduce necessary adaptation which is intensified in contexts of high uncertainty where experience might be less important. Thus, we still lack insights on which learning skills entrepreneurs need when facing new situations and how they can advance such skills systematically.

To gain more insights we are referring to extant research in educational psychology studying how individuals regulate cognitive and metacognitive processes in order to achieve valuable learning outcomes. By relying on their research efforts we aim to address the applicability of self-regulation for entrepreneurship theory in order to advance our scholarly understanding of learning processes of entrepreneurs dealing with new situations.

We contribute to entrepreneurial learning research reviewing the literature on self-regulated learning in order to identify challenges and limitations of prevalent concepts of entrepreneurial learning. We advance scholarly understanding of learning processes in the context of unexpected events and discontinuous changes, where experience cannot be referred to or might even inhibit effective learning.

### Background Literature

Up to now the role of experience and prior knowledge has been thoroughly investigated in entrepreneurial learning research. This becomes especially evident in the prominent role experiential learning theory (ELT) plays in many studies on entrepreneurial learning (Kolb & Fry, 1975; Kolb, 1984; Corbett, 2005). Despite its many assets, ELT also has some limitations concerning the context of entrepreneurial learning. First, experienced entrepreneurs might miss necessary strategy adaptation when choosing actions that are closely related to past ones. In these cases, referring to experience and established mental models that go with it may lead to erroneous conclusions due to mental fixations (Garud, Kumaraswamy, & Karnøe, 2010; Ucbasaran, Westhead, & Wright, 2011). Hence, ELT lacks explanations of learning in novel contexts. Second, critical reflection is a core activity of ELT, necessary for linking the different stages of the experiential learning cycle. However, critical reflection is very demanding and not all individuals are equally able or willing to reflect critically about themselves. Research has shown that irrespective of age, people exhibit very different capacities to reflect critically on their experience (see King & Kitchener, 2004). There are indications that entrepreneurial personalities might be especially prone to lack the capabilities or willingness to reflect critically on their experience. Research has shown that they exhibit stronger overconfidence biases than other individuals (e.g. Busenitz & Barney, 1997). Overconfidence bias either refers to optimistic overconfidence such as the belief desired outcomes to occur more frequently than in reality or the misperception of the limits of one's own knowledge (e.g. Griffin & Varey, 1996). It reduces efforts to reassess and revise one's actions and thus, hinders reflection and learning (Frese, 2007). Furthermore, although ELT involves reflection on individual experience it does not address reflection, control and monitoring of learning processes themselves and the development of personal learning capabilities. The latter requires metacognition which involves the ability to monitor, control and understand one's learning or in other words the cognition about cognition (Flavell, 1979).

Building on these shortcomings we argue that entrepreneurial learning research can benefit from integrating research about the self-regulation of learning. It concentrates on the procedural factors of entrepreneurial learning such as metacognitive monitoring and regulation of learning. This perspective focuses on how entrepreneurs can act in order to achieve a "good" learning process to avoid detrimental learning effects.

### Methodology

In the last three decades self-regulated learning (SRL) has been studied extensively in various contexts (especially school and vocational education), investigating how people learn in situations that lack formal instruction (Alexander, 2008; Puustinen & Pulkkinen, 2001). It is well applicable to the context of entrepreneurial learning due to three reasons. First, it focuses on learning situations which are new for the learner, something typical for many entrepreneurial processes. Second, it involves metacognition which means to reflect on one's learning and its effects for entrepreneurial outcomes. Third, SRL is rooted in the same tradition of educational philosophy like ELT (Dewey, 2005, 1997).

Most self-regulation learning models mainly comprise the three components of preparation, control and review (e.g. Kitsantas & Zimmerman, 2006; Pintrich, 2004). They do not only include cognitive processes but also motivational and emotional aspects of learning (e.g. Boekaerts and Niemivirta, 2000). We advance entrepreneurial learning research by highlighting the role of self-regulation for the effectiveness of learning efforts by concentrating on the role of emotions, self-efficacy and overconfidence bias.

First, research shows that emotions influence entrepreneurial outcomes (e.g. Welpel et al., 2012), information processing (Shepherd, 2011) as well as learning resulting from failure (Cope, 2011). In this regard, a large number of empirical studies have shown that anxiety exerts negative effects on any kind of learning processes (Payne, Youngcourt, & Beaubien, 2007). Successful self-regulated learners are capable of explicitly activating and controlling their affects towards the learning process (Kitsantas & Zimmerman, 2006). By reflecting on the nature of their own emotions and their desired level, self-regulation can reduce negative effects of these emotions. Thus, we propose that self-regulation can reduce negative effects of emotions on entrepreneurial learning.

Second, self-efficacy is defined as the degree to which an entrepreneur perceives him or herself capable of mastering a specific task and uses his knowledge and skills successfully (Baron & Markman, 2003; Chen & Greene, 1998; Wood & Bandura, 1989). Research has found entrepreneurs to value high on self-efficacy (Chen & Greene, 1998). While self-efficacy is mostly associated with positive effects (Krueger & Dickson, 1994), it can also become detrimental causing premature decision-making and negation of own failures (see Wood & Bandura, 1989). Self-regulated learners consciously reflect on their capabilities in order to achieve an adequate level of self-efficacy. Thus, we propose that self-regulation leads to a more realistic evaluation of self-efficacy.

Finally, as cognitive biases such as one's overconfidence can hinder effective learning as well as potentially cause entrepreneurs falling short of expected outcomes (e.g. Frese, 2007), it is relevant to reflect on these detrimental effects and how they can be overcome. Hence, effective planning for learning should take into account the possibility of biased information processing. Entrepreneurs address the effects of cognitive biases on opportunity recognition, evaluation and exploitation by adapting their learning goals in order to reduce biased information intake and evaluation. For example, overconfidence bias can be reduced by interacting with critics who may act as *advocati diaboli*. Thus, we propose that self-regulation leads to a reduction of overconfidence bias.

## Results and Implications

This new angle to entrepreneurial learning research can help to overcome some of the limitations and challenges we have identified in experience-oriented concepts of experiential learning. We contribute to entrepreneurial learning by explaining successful learning processes of entrepreneurs experiencing new situations. In particular, we refer to the role of self-regulation for reducing negative learning effects of emotions, self-efficacy and cognitive biases.

In a next step we encourage scholars to develop scales of self-regulated entrepreneurial learning referring to well-established scales of educational psychology and adapt them to the entrepreneurial context. Furthermore, scholars could further investigate the effects of different effort levels of entrepreneurs in applying preparation, control and review in the model of self-regulation. Practitioners receive means to more realistically learn in entrepreneurial contexts and to control their learning efforts more successfully.

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# **Entrepreneurs' Information Search Behavior in SMEs: Development of a Scale**

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**Key Words:** Opportunity Recognition, Opportunity Search, Information Channels, Proactive Search, Passive Search, Scale Development

## **Track title – Innovation**

### **Entrepreneurs' Information Search Behavior in SMEs: Development of a Scale**

#### **Aim of the Paper**

Every innovation and business model has its own origins, whereby entrepreneurs either accidentally or intentionally recognize them. Thus, it is of importance to analyse how entrepreneurs recognize these opportunities. Researchers have received this call as there is a vast amount of research about how entrepreneurs recognize entrepreneurial opportunities (e.g. Shah & Tripsas, 2007; Ozgen & Baron, 2007; Fiet & Patel, 2008). In this effort, scholars have begun to conceptually discuss and empirically assess the information search behavior of entrepreneurs with respect to opportunity recognition. Although we encourage this effort wholeheartedly we could find some lack of clarity as conceptual foundations of scales and theoretical discussions remain unclear. Scholars have discordant views about these foundations. Terms like entrepreneurial alertness (e.g. Tang et al., 2012), systematic (Fiet & Patel, 2008), slack and problemistic (Iyer & Miller, 2008) as well as proactive and passive search (Zahra, 2008) can be found among others. When it comes to empirical testing the distinctiveness of some constructs is questionable (e.g. difference between scales of alertness and systematic search). Furthermore, some scales rather focus on general behavior whereas others focusing on information search for one particular opportunity (e.g. DeTienne and Chandler, 2004). We prefer the latter as this process could change from opportunity to opportunity due to entrepreneurial learning processes. Thus, as we lack knowledge in this respect, there is a need to discuss entrepreneurs' information search behavior more thoroughly and to develop distinctive and specific scales.

Furthermore, most studies analyse this research question in new ventures. Only a few studies deal with SMEs. This is questionable. Small businesses are distinct from startups especially as small firms are older and mostly more established in their markets than their new counterparts. It results in existing often long lasting customer and supplier relationships which a lot of startups lack in the beginning. These distinct characteristics show the relevance to address information search efforts of entrepreneurs in small businesses for opportunity recognition as they might differ from startups. Thus, we are interested in how entrepreneurs search for opportunities in small businesses.

We contribute to entrepreneurship and small business research first by developing new scales for distinct search behavior building on extant literature. Second, by focusing on opportunity recognition in small businesses, we address an under-researched topic being not only useful for opportunity recognition research in general but also for small business research as we address innovative behavior of entrepreneurs more thoroughly.

#### **Background Literature**

Shane and Venkataraman (2000) state in their well-received article that opportunity recognition not solely belongs to new ventures but also to existing firms. We build on that tradition by focusing on SMEs which aim to recognize their second, third or later opportunity in their firms' path. Small business research in the late 80ies have analyzed which information channels entrepreneurs used for strategic planning (e.g. Smeltzer et al., 1988) or for new product ideas (e.g. Peterson, 1988). More recent research addresses entrepreneurial information search behavior when it comes to opportunity recognition. Findings show that it ranges from accidental discovery of opportunities (e.g. Shah & Tripsas, 2007) to deliberate systematic search (e.g. Fiet & Patel, 2008). Other constructs refer to alert scanning being a sub dimension of entrepreneurial alertness. It refers to an unsystematic search for opportunities or solutions to certain problems (Tang et al., 2012). It can be compared with problemistic search. The later refers to search which is stimulated particularly by problems (Levinthal & March, 1993). Passive search is characterized by information gathering without clear goals. Entrepreneurs keep their eyes open (Ardichvili et al., 2003; DeTienne & Chandler, 2004). Zahra (2008) argues that this behavior is more closely related to discovery theory. On the other side, proactive search is stated to be more related to creation theory (Zahra, 2008).

As a result of this discussion we developed two differentiations: the necessity of information searching and the existence of a market opportunity. First, the necessity for entrepreneurs to recognize opportunities is high when financial performance is weak or when existing market volume drops. Thus, entrepreneurs use problemistic search strategies which are rather wide in scope as the content of the opportunity per se is unclear. When the need to recognize opportunities is low, entrepreneurs are not forced to search and thus, passive search strategies might be more appropriate. Second, the existence of a market opportunity or problem at hand narrows down the number of adequate information channels. Thus, search strategies are adapted. When a market opportunity is rather unclear, broader search strategies are more useful such as passive search. However, problemistic search is applicable when the underlying problem is clear (e.g. customer requirement for a new product). Finally, a systematic search strategy uses most promising information channels depending on one's prior knowledge and experience (Fiet & Patel, 2008).

To conclude, we refer to a problemistic search where the entrepreneur has a defined market opportunity but yet no solution at hand. A passive search relates to low necessity of information searching and a proactive search is applicable when there is an apparent need for entrepreneurial opportunities.

### **Methodology**

In order to develop a scale for information search process in small businesses we conducted 31 interviews with entrepreneurs from different sectors such as construction, industry, marketing agencies or breweries. These interviews lasted between 45 and 90 minutes. The entrepreneurs were asked about concrete exploited opportunities in the past, how they recognized them and which information channels they used. After transcribing the interviews verbatim we followed the classification procedure of Kolvereid (1996) and Terpstra and Olson (1993). Two raters read the opportunity cases and sorted them into appropriate groups labelling them accordingly either by terms from relevant theory or new emerging ones. The discussion of the results revealed 22 different groups according to the criteria of distinctiveness and comprehensiveness. Three raters then sorted the cases back to the different groups resulting in a good interrater reliability measured by Krippendorff's alpha. All groups were then classified in problemistic, passive, proactive and systematic search in order to develop a measurable scale.

### **Results and Implications**

Our scale development resulted in 4 items for problemistic, five items for passive, nine items for proactive and two items for systematic information search for opportunity recognition. The following item shows an example for problemistic search: "The customer approached us with a concrete problem. We searched for a technical solution."

Scale development is currently running. The scales are tested by entrepreneurship students at a Swiss business school who either founded, started to found new companies or developed business opportunities. In a next step we refine the items in order to test them with entrepreneurs.

Certainly there are limitations such as survival bias and the context specificity of the survey. Thus, we encourage scholars to test and adapt scales for information search processes for opportunity recognition in other contexts (e.g. countries of the developing world). Furthermore, differences can be analysed between certain groups: Entrepreneurs exploiting successful and less successful opportunities or innovative and less innovative opportunities can be compared to opportunities which were not exploited in order to address the survival bias. Moreover, the developed scales can be used to find differences in search behavior among novice and experienced entrepreneurs (e.g. new ventures and SMEs) to advance theory in entrepreneurship and small business research.

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**Why the Gen Y?**  
**Values and Motivation of Young French Entrepreneurs**

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## **TRACK TITLE**

Different Contexts (Alan Carsrud and Malin Brannback)

## **PAPER TITLE**

Why the Gen Y? Values and Motivation of Young French Entrepreneurs

## **AIM OF THE PAPER**

The entrepreneurial motivations are often studied through the push and pull theory, in which people are pushed to entrepreneurship by necessity or pulled by new business opportunities (Schjoedt & Shaver, 2007; Gilad & Levine, 1986). Even if traditionally the motivation to create a business was related to economic factors, we observe that non-economic motives can also explain motivation for different profiles of entrepreneurs (Carsrud & Brannback, 2011). Recent research has also studied contextual and cultural influences on the decision to become entrepreneur (Schlaegel *et al.*, 2013).

According to several authors (Claire, 2012; Holt *et al.*, 2012), young entrepreneurs of Y generation are creating organizations that do not fit the traditional view of entrepreneurship. Indeed, other values such as relationship, integrity and lifestyle are replacing the old ideal of the risk taker entrepreneur who wants to grow rich.

The aim of this article is to understand the values and characteristics of the Y Gen in France and the determinants of the entrepreneurial motivation. We develop an exploratory study based on semi-structured interviews (Huberman & Miles, 1991) with eight young French entrepreneurs. Findings allow us to identify the principal values and beliefs of the Y generation, the drivers of the entrepreneurial motivation and the influence of external factors, such as family support, role models, economic environment and legal framework in the decision to create a business.

## **BACKGROUND LITERATURE**

The research on entrepreneurial motivation is generally divided into two broad theoretical streams: “push” and “pull” (Schjoedt & Shaver, 2007; Gilad & Levine, 1986). These streams have provided the impetus for research into two types of motivation: “necessity-motivated entrepreneurship”, and “opportunity-motivated entrepreneurship”. The former is related to push theory and refers to a forced choice due to a lack of alternatives. The latter is related to pull theory and is initiated by the perception of an attractive business opportunity (McMullen *et al.*, 2008).

Much of the economic literature on entrepreneurship assumes that the decision to start a business is the result of a maximization process in which the individual compares income from different activities and chooses the one that will provide the highest return (Arenius & Minniti, 2005). Although there is a large body of literature on economic motivation, research also shows that the need for achievement, the ability to create one’s own job, and the desire for autonomy are often ranked first as factors of motivation (Verstraete & Saporta, 2006). Indeed, non-economic motives to create a venture have emerged within the trend of social or lifestyle entrepreneurs, among others (Carsrud & Brannback, 2011).

Y Gen entrepreneurs, or Millennials, understand life in a different way compared to the previous generations (Holt *et al.*, 2012). They are creating organizations that do not fit the traditional ideal of the successful entrepreneur who takes risks in order to earn more money. These young new entrepreneurs share other values such as balance their work and personal lives, make a contribution to society or pursue their passions (Claire, 2012). This generation tends to believe that “doing” is better than “knowing”, they are self-confident and learn by the “trial and error” approach (Minifie & Otto, 2011).

## **METHODOLOGY**

This is an exploratory research based on semi-structured in-depth interviews (Huberman & Miles, 1991) with eight young French entrepreneurs. These entrepreneurs create their ventures while following the 2<sup>nd</sup> year of master degree in Entrepreneurship in a Business School in Paris. We use an interview guide, asking them about their entrepreneurial motivation and the influence of the context in their decision to create a business venture. We also ask them to talk about the general characteristics of their generation, and to define Y generation. Interviews were held in 2013 in France.

The interviews were recorded and transcribed. In order to identify the dimensions of motivation (dissatisfaction, opportunity, independence and necessity) and the environmental influences (family, legal and economic) we have performed a thematic analysis of speech (Evrard *et al.*, 1997).

In order to identify values, research method relies on discourse analysis, which is based on ethnomethodology as defined by Garfinkel (2002). Researchers have been looking for the logical order of words and the linguistic structure of discourse to derive feelings and values. The analysis is first based on the frequency of words and then the order of metonymies, expressions and sentences. Language is considered also in its structuring function as defined by Saussure (1959).

## **RESULTS AND IMPLICATIONS**

A first group of results concerns the entrepreneurial motivation of young French entrepreneurs. All of the individuals of our sample declare some dissatisfaction. Generally, this dimension means dissatisfaction with the previous job. However, as young people have no or little working experience, this dimension is not representing their dissatisfaction with the previous job, but with their parent's experience. They consider that their parents did a lot of effort for not so much reward. All individuals feel a frustration regarding employment. At the same time, creation was motivated by their desire for independence. To be free, to be autonomous, to manage their own life are the words they use to explain this dimension.

Some of them have discovered opportunities of new products or services that did not exist in France. In general, opportunity means the possibility of earning more money. In this case, they do not believe that this opportunity will create an important economic value. They develop the project in order to make a living, but not to become rich.

Concerning environmental factors, most of them have been motivated by a family or a friend entrepreneur. Those entrepreneurs act as role models for them. Also four individuals consider that the level of unemployment in France, job flexibility and changing aspects of the job relationship, are important factors leading people to look at the entrepreneurial creation as a career choice. Finally, three entrepreneurs explain that create a business venture in France is easy and there are a lot of mechanisms to help new entrepreneurs (coaching, incubation, assistance).

Results show that today's Y gen is concerned about its own well-being first and its autonomy. The order is "me, myself and my kin", as expressed in the very specific language they use to talk about organizational hierarchy and work.

This research confirms that non-economic motives to create have emerged in certain groups of people as it was anticipated by Carsrud & Brannback (2011). Also, it shows a relationship between entrepreneurial motivation and Y generation values, expressed through an emerging language design of their own.

It seems that a shift on values is taking place in France. At the summit of the European Union in Lisbon in March 2000, France was considered as the European's laggard for entrepreneurial activity (Henriquez *et al.*, 2001). However, business creation is improving in the country. We can imagine that entrepreneurial activity will continue increasing among the young generation because there is a fit between their values and the development of entrepreneurship. However, creation does not follow the classical path of profit maximization and grow. Politicians, coaches, professors and other people in contact with new entrepreneurs need to understand this change in order to better help them during the process of creation. At an employment level, HR managers will have to incorporate those factors to meet the needs of this talented population, who sails on the wave of new economic challenges differently.

## **Social Entrepreneurs: Dimensions of Motivation**

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## **TRACK TITLE**

Different Contexts (Alan Carsrud and Malin Brannback)

## **PAPER TITLE**

Social Entrepreneurs: Dimensions of Motivation

## **AIM OF THE PAPER**

The motivation to create a new business is generally explained through the "push and pull" model. "Push" is identified with necessity while "pull" with opportunity. Both dimensions are mutually exclusives. According to Carsrud & Brannback (2011), non-economic motives to create a venture have emerged. This is, among others, the case of social entrepreneurs. In order to explain the multiplicity of entrepreneurial profiles current theories of entrepreneurial motivation are in need of a new perspective.

A social entrepreneur is identified as an individual motivated by a social interest, who follows the values of the social economy, who is not pursuing personal wealth (Omrane, 2013), and who finds motivation and success in the accomplishment of a positive impact on the environment or on society (Choi & Gray, 2008). They try to solve social and environmental problems disregarded by the public and private sector in all kinds of fields and in every country (Zahra *et al.*, 2009).

The aim of this article is to understand the drivers of the motivation of social entrepreneurs using an adapted model of motivation. The entrepreneurial motivation of social entrepreneurs is a combination of social dissatisfaction and social opportunity.

## **BACKGROUND LITERATURE**

According to Choi & Gray (2008), the motivation of social entrepreneurs is rooted in the reasons of their choice, and is principally driven by making an environmental or social change. Many of them continue developing their projects, even if they face financial difficulties, in the hope of making a difference.

All over the world, social entrepreneurs are inspired by diverse motives and personal issues, reflecting non-economic objectives and also a combination of economic and non-economic goals. They hold strong values. They also share many of the characteristics of the for-profit entrepreneurs, such as proactiveness, autonomy, and risk-taking (Zahra *et al.*, 2009). Classic for-profit entrepreneurs generally start businesses motivated by an increase of wealth, a search for autonomy, or because of dissatisfaction with their former job while social entrepreneurs start businesses principally motivated by social or environmental needs.

Entrepreneurial motivation, the motivation to create a new business, has been generally explained through the "push" and "pull" approaches. Drive theories correspond to the push approach (necessity and dissatisfaction) while incentive theories correspond to the pull approach (opportunity and independence) (Carsrud & Brannback, 2011).

The predisposition to dichotomize individual choices in order to define who was pushed or pulled is a limitation for the study of entrepreneurial motivation (Hughes, 2003). Some authors then propose that the twofold typology will be better viewed as a continuum along which many combinations of push and pull factors can exist (Verheul *et al.*, 2010; Kirkwood, 2009; Hughes, 2003; Stevenson, 1990).

In order to explain the entrepreneurial motivation of different profiles, a disaggregated model based on the 4 dimensions (necessity, dissatisfaction, opportunity and independence) can be used.

## **METHODOLOGY**

This exploratory research used a qualitative approach. We used the list of social entrepreneurs of the annual event "1000 pioneers" co-organized by Shamego, Newmanity and LH Forum. This event identifies and rewards new players in the social economy all over the world. To do this, entrepreneurs are classified following different criteria. From that list, we selected eight Paris social entrepreneurs based on their ranking.

We conducted 8 semi-structured interviews (Huberman & Miles, 1991) with the social entrepreneurs. They all defined themselves as social entrepreneurs and all are part of the "Shamego" social network of entrepreneurs of the social economy ([www.shamego.com](http://www.shamego.com)).

Before the meetings, we prepared an interview guide that covered the principal topics that we wanted to be addressed during the interview. Our goal was to understand their motivations to create a social business.

The interviews were recorded and transcribed. We then performed a thematic analysis of speech (Evrard *et al.*, 1997). The interviews were held in France in 2013.

## **RESULTS AND IMPLICATIONS**

Findings show the existence of two principal dimensions of the entrepreneurial motivation of social entrepreneurs: dissatisfaction and independence. Economic factors are not cited. All the interviewees considered that they could easily find a job (there is no necessity dimension). Opportunity dimension is mentioned but it is not related to the increase of wealth. It is a social opportunity to develop an activity linked to a social need, which is not answered in either the private or the public sector.

In order to understand entrepreneurial motivation of social entrepreneurs, we disaggregate “dissatisfaction” dimension in three levels. The first level (personal) concerns job dissatisfaction, at the root of their decision to create a company. There is an important literature that studies and verifies the relationship between a displeasing job and the entrepreneurial decision (Bradley & Roberts, 2004; Brockhaus, 1980). This level, which is generally cited for for-profit entrepreneurs, is not so important when analyzing social entrepreneurship. The second level (organizational) concerns the role, objectives and ethical aspects of the company or organization the individual is working for. There is a third level (social) which is in relation to the environment (social and ecological). The perception that important problems are neither being solved by the private nor the public sphere triggers a “social” dissatisfaction. This dissatisfaction linked to an external problem (not personal or organizational) will motivate the individual to a social business creation. The social entrepreneur will start a social firm aiming at solving a problem and, at the same time, at reducing his dissatisfaction with a social or environmental issue.

“Independence”, as a motivational factor, implies a search for autonomy. It is one of the principal characteristics of an entrepreneur, whether social or not. Concerning this dimension, we will consider two levels. The first one (internal) is generally cited as a motivational factor of for-profit entrepreneurs. Independence is sought because the individual does not want to work for other people. He does not want to have a boss. The second level (external) means that the individual is going to be autonomous for external reasons. This happens because, generally when a social entrepreneur discovers an opportunity, there is no one working to fulfill that need. Thus, social entrepreneurs who find new and innovative ways to solve social and environmental problems have to do it alone. The internal independence factor (I do not want to have a boss) is different from the external independence factor (nobody is doing it, so I am going to do it myself).

Even if classic for-profit entrepreneur’s motivation is different from social entrepreneur’s motivation, we can establish that motivation for all kinds of entrepreneurs can be explained by means of an adapted model of the entrepreneurial motivation. This adaptation allows personal and specific combinations of factors within dimensions (opportunity, necessity, autonomy and dissatisfaction) and within the various levels of those dimensions. Social business creation will be principally motivated by social dissatisfaction and social opportunity.

The contribution of this research is two-fold. From a theoretical point of view, our study presents an adapted model of entrepreneurial motivation in which we disaggregate the pull and push framework to use directly the four dimensions of motivation and also we consider different levels within each dimension. This adaptation is needed to explain motivation of different profiles of entrepreneurs.

The growing number of social entrepreneurs and the rising interest in social economy have become a reality that must be accounted for. Identification of drivers of motivation of social entrepreneurs can help administrations to understand emergent needs, feelings and values in order to adapt policies to better help business creation and development in the social economy.

## Acting on sustainability: Entrepreneur sustainable orientation and firm practices.

### Abstract

Do entrepreneurs walk the talk and support their claims of being oriented toward sustainability? More specifically, does using a validated construct of sustainable orientation (SO) correlate with supportive behavior or does it capture entrepreneur sustainable mindedness? In this multi-method work I begin to empirically and qualitatively address these questions. Shepard and Patzelt (2011) define sustainable entrepreneurship as being focused on the preservation of nature, life support, and community in the pursuit of perceived opportunities to bring into existence future products, processes and services for gain, where gain is broadly construed to include economic and non-economic gains to individuals, the economy, and society. In addition, several scholars see entrepreneurship as a means to advance sustainable initiatives (1,2,3). I seek to add to the conversation about for profit entrepreneurship that addresses sustainability by considering the following research questions: Does entrepreneur orientation toward sustainability relate to firm sustainable practices? Are there relationships between sustainable orientation, actions and mindset with the theorized companion decision influencing concepts of morality, long-term orientation, systems thinking and peer support. And do sustainable orientation, actions and mindsets demonstrate relationships with firm characteristics and performance?

Our research team attended two specialty foods shows to collect firm profile data from 58 entrepreneurs. A 45-minute follow-up interview was conducted with 29 entrepreneurs. An adapted measure of Kuckertz and Wagner's (2010) measure of sustainable orientation was included in the profile survey. Interviews were recorded, transcribed and coded using a series of rubrics for sustainable practices, mindset and the companion concepts listed earlier. Correlation and regression analysis were used to determine if empirical linkages existed across both modes of data collection. The results address the first question indicating modest, positive correlational relationships between SO and sustainable practices  $r = .37$ ,  $p = .10$ ,  $n = 21$  and sustainable mindset  $r = .46$ ,  $p = .04$ ,  $n = 20$ . In addition, rich qualitative examples support the empirical findings from accounts of entrepreneurs who scored high on the initial SO profile. The results indicated that linkages between SO and the theorized companion concepts were not significant, addressing the second question. However, the concepts of morality, long-term orientation, systems thinking and peer support demonstrated mixed relationships with each other and profile firm characteristics. Finally the data partially supported the third question since sustainable practices were positively correlated with firm performance  $r = .40$ ,  $p = .04$ ,  $n = 28$ . However, other performance proxy measures like sales revenues and number of employees were not significantly related with any measure of sustainability.

Examining the qualitative data of respondents who reported top quartile SO (mean > 4.5/5.0 scale) indicated some notable differences from the rest of the respondents. These respondents reported an increase of sustainable-based values, more sustainable practices on average and more sustainability focused vignettes. The qualitative findings also suggest that sustainability and performance are moderated by the venture business model and context supporting Werbach's (2009) assertion. Ventures that are grounded in sustainability at their product core that match needs in the marketplace perform exceptionally well. Study data from several health food producers provided supportive case evidence. The following entrepreneur's quote captures the essence of being grounded in sustainability and recognizing profit. *"We are a ten million dollar per year company, selling [product] all over the United States right now, and we are growing, still, leaps and bounds because there really are no other healthy snacks out there and people are just looking for that to feel better."* Other food producers who practiced sustainability without a defined market need did not report a performance benefit. Sustainable orientation linkages with practices and mindset across the two data collection modes provide additional evidence of the validity of SO. These entrepreneurs are practicing their espoused commitments to the tenets of sustainability. Study results support that SO can be used to identify entrepreneurs that espouse the tenets of sustainability. Findings from this work could be applied for developing sustainability-focused entrepreneur training programs and education.

## **Acting on sustainability: Entrepreneur sustainable orientation and firm practices.**

Textual analyses of interview data indicate differences in decision-making logics and processes of entrepreneurs that incorporate sustainability in their venture versus those who do not. Sustainable focused entrepreneurs focused on a strong core product, typically premium and attended to maintaining brand integrity. In some instances this was to a great expense. Entrepreneurs that were less focused on sustainability attended to the economics of their product positioning and tended not to adhere to a premium brand strategy. Short run profits also weighted on decisions more than building a brand or a longer-term market position. There also were slightly increased use of moral and long-term logics with entrepreneurs who reported above average SO. This work makes a contribution by identifying sustainable oriented entrepreneurs, their processes and some means of how sustainability should be addressed in for profit ventures. If sustainability isn't a driver of a venture value proposition and isn't valued by the customer the entrepreneurs are best advised to minimize their sustainability efforts until they can acquire the resources to support sustainability, if they so choose. Future work should examine for profit entrepreneurs who make solving a sustainability focused problem the core of their for profit ventures. The models employed should represent potent means to mitigate challenges that affect us all.

## Track Title

Education

## Paper Title

### **Starts-ups and the entrepreneur spirit of students (GSt-Study) in Mexico.**

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**Key Words:** propensity, entrepreneurship, students, education

## Aim of the Paper

This paper is an exploratory empirical study emanating from the project "Starting up Business and Entrepreneurship spirit of students - Gest-Study" (Ruda et al., 2008), representing an early stage in the case of Mexico, so it is focused only on an educational context, because of the importance to identifying the demographic characteristics of students as well as the influence of currently receiving formation in universities to promote entrepreneurship.

Some studies demonstrates that gender and age affects entrepreneurship (Liñan & Chen, 2009), as females estimate higher foundation barriers in respect of possessing essential entrepreneurial qualifications, and they are frequently fearful of failure (Sternberg 2006: 23). Under a different perspective and concerning age, the demographic change could affect (Wilhelm 2001: 12; and Golla et al. 2006: 212) that people in general from 30 to 33 years as well as from 36 to 40 years in general is highly opened to initiate new business, but in a new poll (Hinz 2000: 54f.) shows that the foundation propensity an age of 35 decreases. Concerning gender (Phan, Wong, and Wang 2002: 155; Davidsson 1995: 7; Brockhoff and Tscheulin 2001; Mazzarol et al. 1999; Kolvereid 1996; and Golla et al. 2006: 212) it has been demonstrated that men reflect more foundation intention than women, but men students have higher foundation propensity.

Also education have an important influence to develop students attitude about entrepreneurship, so it is important that the educational system restructure the content of teaching with the condition that instruction has to be subject to an interdisciplinary penetration to entrepreneurial coherences and contents (Ruda et al., 2008).

After a literature review focused on entrepreneurial attitudes and its results, it has been identified that entrepreneurship motivation is determined by several factors according the following hypotheses:

- H1 The age of the students stimulate the creation of a new business.
- H2 Business foundation propensity is influenced by the gender of the students.
- H3 Business Plan seminars promote the creation of new companies among students.
- H4 Business incubators at universities encourages entrepreneurial propensity of students.
- H5 Participation in academic meetings with teachers helps to create an entrepreneurial attitude in students.

H6 Administration sciences students have a higher propensity to create new business than students from other professions.

## Background Literature

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## **Methodology**

This study is based on the GEST-Study started on 2007 at the German Center for Entrepreneurship. The GEST-Study is based on theory and empiric literature about entrepreneurship spirit and is focused on degree students (Ruda, Ascúa, Martin, & Danko, 2013, pp. 6-7).

The survey was applied to 400 Mexican students specialized on administrative sciences and engineering, from three public universities during the winter period 2013-2014, considering that previous studies have demonstrated that there is a higher enterprises foundation propensity on administration and engineering students (Görisch, 2002; Schwarz & Grieshuber, 2001; Ruda et al., 2008).

## **Results and Implications**

92.53% of the students among 20-25 year old (49.48%) are thinking in the possibility to be the founders of new enterprises, although the study shows that age and genre are not significant in entrepreneurial propensity of Mexican students.

Also, it should be emphasized that the propensity to start-up new enterprises of students in administrative sciences is highly significant with respect to students from other disciplines, including technical profile students. However results have indicated that 75% of technical profile students have interest in starting-up a new proposal that allows them to create a self-employment, but they also believe that it is required to develop multidisciplinary groups that allow them prepare integral proposals.

Although the results do not reflect great significance regarding the promotion of academic activities such as seminars, meetings or creating academic incubators, it is highly recommended that universities design educative programs to give students tools and specialized formation to promote entrepreneurial activity to face the complex scenario they presently live. It is also remarkable that Mexican education institutions should take into account that this type of results is basic to increase education quality, which is required to improve economical activities on vulnerable groups.

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**Track Title – EDUCATION**

### **WORKSHOP**

#### **THE ENTREPRENEURIAL UNIVERSITY: EXPLORING THE STRATEGIC OPPORTUNITIES FOR THE ENTREPRENEURSHIP EDUCATOR**

The workshop is central to the sustainability theme of the Conference. Significant emphasis has been placed in higher education policy and programmes not only in the UK on the ‘Third Mission’ of Higher Education with funding streams designed to build the engagement of the university with a wider stakeholder community. Much of this funding in the UK has been on a short term project basis with insufficient attention being given to the degree to which the targeted outcomes have become truly embedded and sustainable in the university. The workshop will take up this challenge in a different way.

#### **Aim of the Workshop**

**The workshop will explore the strategic opportunities for the entrepreneurship educator arising from the concept and practice of the entrepreneurial university.**

#### **The Process**

##### ***Introducing the Entrepreneurial University Concept and Practice***

**The session will begin with a short presentation to demonstrate the interaction between concept and practice in entrepreneurial university design**

The ‘practice’ will focus upon learning from a pioneering development programme for University leaders in the UK and Continental Europe, the Entrepreneurial University Leaders Programme (EULP) and its impact. The EULP has been initiated under the auspices of the UK National Centre for Entrepreneurship Education (NCEE), Universities UK (UUK) and the Saïd Business School, University of Oxford.

Key concepts to be highlighted in shaping the programme include: the philosophical ‘idea’ of a university; organisation development theory; the link between enterprise, entrepreneurship, innovation and entrepreneurial organisation design and leadership; the theory of public value; Mode 2 forms of knowledge; stakeholder theory; the notion of the learning organisation; and the need identifying the nature of the opportunity for both short and long term thinking and actions. They have been used to focus the programme upon the sustainable strategic development of a university in entrepreneurial mode.

### ***Participant engagement***

**Participants will be asked in small groups to draw up a template of strategic opportunities for the entrepreneurship educator in entrepreneurial university design.**

The focus will be upon: defining the area of opportunity; identifying the need, clarifying the kind of response needed; and exploring potential partnerships in design and delivery. It is hoped that key facilitators will be available for each group.

### **Relevant Literature**

A background paper will provide a comprehensive review of, the literature on the theme of the Entrepreneurial University: other relevant papers can be found on the EULP website [www.eulp.co.uk](http://www.eulp.co.uk) as below.

**Gibb, A.A. (2005)** 'Towards the Entrepreneurial University. Entrepreneurship education as a lever for change'. National Council for Graduate Entrepreneurship (NCGE) Policy Paper.

**Gibb, A.A., Haskins, G., and Robertson, I. (2012)** 'Leading the Entrepreneurial University. Meeting the Entrepreneurial Development Needs of Higher Education Institutions' Chapter 2 in A. Altmann and B. Ebersberger (eds.), *Universities in Change, Innovation, Technology, and Knowledge Management*, DOI: 10.1007/978-1-4614-4590-6\_2, Springer Science+Business Media New York 2013.

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**Gibb, A.A. and Haskins, G. (2014)** 'The University of the Future. An Entrepreneurial Stakeholder Learning Organisation', *Chapter 2 in Fayolle A. and Redford D. Edts.*

*'Handbook on the Entrepreneurial University', Edward Elgar Publishing, January 2014)*

**Coyle, P., Gibb, A.A., and Haskins, G. Edts, (2013)** 'The Entrepreneurial University: from Concept to Action', October

### **Outcomes and Implications**

The workshop will draw out the learning from use of the entrepreneurial university model and the implications for design of policy and educational initiatives in this field.

**Effectiveness and Importance of Innovation on  
Business Performance in an Uncompetitive Region:  
Evidence from High-Growth SMEs in Wales**

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## **Effectiveness and Importance of Innovation on Business Performance in an uncompetitive region: Evidence from High-Growth SMEs in Wales**

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### **Objectives**

This introductory and exploratory paper seeks to provide insight into the different types of innovation affecting and effecting high-growth in SMEs in an uncompetitive regional economy. Drawing on four in-depth case studies and using a comprehensive list of innovation typology, we measured the effectiveness of thirteen different innovation typologies introduced by the high-growth SMEs. Further, we assess the level of importance of each innovation to the high-growth firms as it relates to the business growth and profitability providing invaluable insights on the factors that influence SME high-growth.

### **Prior Work**

This research builds upon the research findings, such as BERR (2008) and NESTA (2009) which suggested that the main policy areas crucial for encouraging new high growth firms are: a) entrepreneurial skills to manage high growth firms; b) access to appropriate finance; c) building a culture that encourages serial entrepreneurship and d) increasing the levels of business innovation. Whilst in this paper we briefly address all the above, the primarily focus is on business innovation aspects. That is, in this paper we measure the effectiveness of the different types of business innovation within high growth firms (thirteen innovation types) to business growth and profitability. Business growth is fundamental to improving economic performance and living standards. Evidence from the UK shows that high growth firms are found in a wide range of sectors and across all regions. However, they are heavily concentrated in the UK's most competitive regions (London and South East) (BERR, 2008), as measured by the latest available UK Competitiveness Index (Huggins and Thompson, 2013). Given this central contribution of business growth to economic competitiveness and prosperity, the study of high growth firms within uncompetitive and peripheral regional economies such as Wales offers potential insights for policymakers and academics alike.

### **Approach**

Case study interviews with managing directors of high growth SMEs based in the region of Wales. Sector covered: services and manufacturing.

### **Results**

Based on the case studies, we found that high growth firms in an uncompetitive region rely heavily on building relationships with customers, suppliers and strategic partners. However, the importance to business growth of these collaborations varied depending on the sectoral coverage. Relationships with customers were most effective and important for business growth and leadership skills were found to be an important factor for implementing innovation. We found strong internal networks capabilities within all cases and skills and knowledge contributing a great deal for the generation of internal R&D. Another important finding was that international business drives growth. A high percentage of the business activity was predominantly done outside the region. If government is to create the right conditions for businesses to innovate, it must understand how this happens, its effectiveness and overall importance to business growth and profitability.

### **Implications**

Increasing the levels of business innovation is a crucial UK policy area. Implications for policy makers when designing innovation policies and taking into considerations what the real needs of high growth firms are. This paper shows that finance is important but other elements are crucial too. For the design of policies not just at sectoral levels, but having good and solid understanding of those characteristics that make high-growth firms innovative and are most important for their future growth.

### **Value**

Adds to the recent policy initiatives and findings - such as the Enterprise Research Centre (ERC) in the UK - in relation to business growth and innovation and provides useful insights for policymakers, business managers, and academics that seek to unravel the various interlinking factors which lead to sustained high-growth. It also develops a methodology that can further be used when designing a large-scale quantitative business innovation survey in the future.

**Keywords:** High growth; SMEs; Innovation; Business Performance; Uncompetitive Region; Wales

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Track Title: Gender

## **Women's Participation in Entrepreneurship**

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Key words: Leadership, Women's entrepreneurship, Stereotype, Glass Ceiling.

## **Aim of the Paper**

In recent years there has been an increase in the participation of women within the entrepreneurship, whether in business creation and management of important positions, demonstrating leadership. Furthermore, it has been observed that an increasing participation of women in various fields such as politics, media, science and education, among others, which were never thought to be occupied by them.

Likewise, time has shown that not all entrepreneurs are men, since women have abandoned their role as housewives to demonstrate their entrepreneurial spirit and breaking down stereotypes and social, economic and political barriers that have face. Thus, in recent years there has been an increase in the participation of women in entrepreneurship, in the direction of important positions of leadership in many countries, regardless of race or color, breaking the so-called "glass ceiling", which prevents them from reaching positions occupied by men.

## **Background Literature, Methodology and Results**

According to Timmons and Spinelli (2009) between 1997 and 2004 the companies created by women, specifically black women in the United States grew by 54.6 percent, compared with Hispanic women (over 63.9 percent) and Asian (over 69.3 percent), representing a rapid growth of women in its leadership role in business. The authors also note that "the role of women in entrepreneurship has been particularly remarkable," since according to data reported by the U.S. Census, in 2005 there were approximately 10.1 million of companies created by women, which employed 18.2 million people and generated \$2.32 billion in sales. These data not only demonstrate the importance of women in the economy and development of a country, but rather shows its entrepreneurial spirit and leadership.

Moreover, according to a study conducted in 2008 by the Small Business Administration (SBA) women are among the fastest growing segments in the business sector, as they have more education, experience management and availability to expand outside of those industries that are traditionally women.

Pizarro and Guerra (2010) stated that "in our society, women have increased their educational years, paving the way for participation in the company's responsiveness biggest challenges, and be based on greater knowledge and talent."

On the other hand, McGrath, J. Wadhwa, V. & Mitchell, L. (2010) indicate that women who decide to become entrepreneurs are primarily motivated by five financial and psychological factors, which are: (1) The desire to build wealth, (2) the wish to capitalize on business ideas they had, (3) the appeal of startup culture, (4) a long-standing desire to own their own company, and finally, (5) working for someone else did not appeal to them. Thus, the findings of the above authors highlight the reasons why many women want to be entrepreneurs, but often this can have truth, we must also note that many women are entrepreneurs because they have the ability to lead a company, make decisions and bring new ideas to the economy of their country.

Several factors have contributed to the increase in the number of companies created and driven by women. First, the easy access to education has enabled women to acquire a range of skills and develop those skills needed to face a business, secondly, the increasing participation of women in the labor market, which facilitates the learning development process from which you can move towards the performance of business activities, and thirdly, the rise in the service sector, which has offered women opportunities in those areas of economic activity which are not excessive barriers to entry and where women have traditionally developed their work (Guzman & Rodriguez, 2008, p. 384).

According to Guzman and Rodriguez (2008), for several years we know about the existence of a close relationship between economic development and entrepreneurship of women, numerous studies confirming the important contribution of women entrepreneurs to the economic growth through the creation of recognized jobs. Furthermore, these authors point that women entrepreneurs have the ability to better perceive the different business opportunities than men.

In addition, Zabludovsky (as cited in Hernandez, 2010) indicates that in the United States the number of women entrepreneurs has grown and they still own 25% of the companies in that country. While women in Canada represents two-thirds (67%) of new firms, in Finland the female segment accounts for 30% of companies, 25% in Sweden and 21% in France. Moreover, Navarro & Gomez (as cited in Hernández, 2010) indicate that in Latin America the female activity recorded since 1990 increased between 25% and 35%.

Similarly, a study conducted in October 2009 by the Center for Women's Business Research (CWBR) in Virginia, reported that businesses owned by women have an economic impact of \$3 billion per year in the economy of the United States, which means the creation of more than 23 million jobs, representing 16 percent of the country's jobs. Likewise, the study revealed that from 1997 to 2002 women's businesses have grown twice than other groups and that 28.2 percent of all U.S. businesses are owned by women. Overall, CWBR reports that for the years 2008 and 2009, 10.1 million firms are owned by women, which represent 50 percent or more, employing more than 13 million people and generating 1.9 billion dollars in sales since 2008.

## **Implications**

The data and results of extensive empirical research conducted in different countries show that in recent decades the number of businesses created or driven by women around the world has experienced significant growth, implying that female entrepreneurship is shortening distances to male entrepreneur and the disparity between men and women in this category have been significantly reduced (Guzman & Rodriguez, 2008).

Puerto Rico is no exception as the increase in the number of women entrepreneurs, because in recent years we have seen the growth of this workforce. In consequence, the government of Puerto Rico, in conjunction with private companies and banking institutions, have created programs for women entrepreneurs with the aim of not only promote the development of new businesses, but to contribute to economic growth and development for the Island.

Notably, according to data from the 2010 Census, Puerto Rico's population is 3,725,789 of which 1,940,618 are women, representing 52% of the total. Accordingly, reports of the Department of Labor and Human Resources of Puerto Rico show that the participation rate of women in the labor market is 32.8 versus 11.5 percent unemployment. This is an increasingly high participation of women in the workplace, compared to previous years, specifically in the creation of new businesses. Similarly, we have seen that women in Puerto Rico have evolved further in business, becoming entrepreneurs, either to own their own business or to run big enterprises.

# **A structurational view of technology entrepreneurship: a software industry case study**

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**Keywords:** technology entrepreneurship, structuration theory, case study, software industry

**Track title:** Theory and Methodology

**Paper title:** A structurational view of technology entrepreneurship: a software industry case study

**Aim of the paper:**

Leading definitions and approaches to understand and describe technology entrepreneurship (TE) have been developed within the context of high-tech firms, usually in developed countries. As with normal entrepreneurship, it is common to find an implicit or explicit tension between entrepreneurship as the result of special (groups of) individuals or as the result of existing systemic opportunities within this high-tech context. This paper aims, firstly, at confronting the current understanding of TE against the background of the software sector of an emerging country. Through this exercise, it is possible to find a relaxation of the conditions that should make part of a TE, in order to account for rapid growth technology-based firms that do not share the same circumstances as other industries (e.g. electronics or pharmaceuticals) or geographic contexts (e.g. Silicon Valley). Secondly, this research is also aimed at contributing to a nascent understanding of entrepreneurship which is anchored in structuration theory, as a means to harmonize individual and opportunity as mutually dependent conditions for successful TE.

**Background literature:**

The concept of technology-based entrepreneurship, or technology entrepreneurship (TE), for short may be broadly defined as: (1) an investment in a project that assembles and deploys specialized individuals and heterogeneous assets that are intricately related to advances in scientific and technological knowledge for the purpose of creating and capturing value for a firm (Bailetti, 2012); or as (2) the successful formation, exploitation and renewal of products, services and processes in technology-oriented firms, which can be approached from a product, firm or systems level of analysis (Spiegel & Marxt, 2011). TE is often studied paying attention to certain common concerns, traits or conditions, such as the growth potential embedded within it, the regional clustering which favors its materialization, or the highly skilled group of individuals that enable it, usually within the context of spin-offs, incubators of technology parks (Dahlstrand, 2007). However, both understandings of TE have been developed by studying cases and data from developed countries or high-tech contexts. In addition, they exhibit gaps between different levels of analysis (individual, product, firm, cluster, region). Moreover, there is a tension regarding the birth of each TE, highlighting the difficulty in tracing it either to a special individual or group of individuals (in this case, with highly specialized scientific and technological knowledge) or to a systemic opportunity which the entrepreneur seizes.

Recently, through the work of (Sarason, Dean, & Dillard, 2006), a new view of entrepreneurship has begun to take prominence. Based on Anthony Giddens' structuration theory, this view does not place the weight of the entrepreneurial process (especially its inception) either on the individual or on the opportunity, but in the mutual influence they have on each other. Originally a sociological theory, structuration is meant to reconcile agency and structure in social systems. Thus, social structures are not seen to determine the behavior of individuals (through rules or constraints), nor are individuals seen to determine the structure through aggregating their separate behavior or actions upon the world (their agency). Rather, both agency and structure are seen in a constant state of flux where they influence each other at any given time, without stabilizing into rigid systems. This is also in line with similar developments surrounding self-organizing systems in other fields, such as multi-agent systems (in computing) or complexity science in general, as reported by Fuchs (2003).

Furthermore, since the focus of this work is the software industry, it should also be noted that IT and its related process development have also been approached through a structuration theory lens by Orlikowski and others (2000, 2002). In this sense, IT is seen not just as an artifact isolated from its context, but understood as real enacted practices that are shaped by, and in turn shape as well, the concrete IT artifacts. In the same vein, the knowledge behind the development of new IT products (software in particular) is seen not as a material object to be stored and shared, but again as real enacted knowing in practice.

Accordingly, this research is founded on structuration theory and its applications to both a new theory of entrepreneurship (Sarason et al) and a new understanding of IT in practice as well as the active knowledge that goes into new IT product development (Orlikowski). It is through these works that this paper aims at developing a new understanding of technology entrepreneurship with an emphasis on the software industry in emerging countries.

**Methodology:**

This research is based on a case study method, following Yin (2003) and Eisenhardt (1989). A rapid growth, successful software firm from Colombia provides the case setting. Through interviews and documents, data was collected to gather evidence with respect to new product development, innovation potential, growth and entrepreneurial characteristics (mainly focused on the founder and CEO). The firm was selected due to its

rapid growth as well as the evidence of innovative products that have received awards as well as showing market success both in Colombia and increasingly in other countries. It was possible to trace the whole inception and growth of the company through ten years of history, allowing for analysis of the entrepreneurial process behind the startup as well as the more recent products it has developed now as a larger, more complex organization. In addition, this has been analyzed in the context of a fast growing ICT sector in an emerging country, providing an interesting and unusual setting to extend TE theory through a structuration lens. Data has been inductively treated and mapped to variables that allow us to empirically validate whether this proposed understanding does indeed hold and what the implications are both for this special context and for TE in general.

### **Results and implications:**

This research has enabled a preliminary validation of the power that a structural view of technology entrepreneurship has in reconciling agent (entrepreneur) and structure (systemic opportunity) to provide a more meaningful interpretation of the entrepreneurial process. On the one hand, this gives equal importance to entrepreneur-centric accounts as well as context-centric accounts. Where the first typically highlights the individual attributes (such as risk taking, leadership and constancy), the latter tend to pay more attention to systemic conditions (such as a healthy ecosystem, the existence of public incentives and the presence of a clear market opportunity). A structural approach is clear on stating that an opportunity is shaped by the entrepreneur, it does not exist out there just to be identified and exploited; and, conversely, systemic conditions determine the evolution of the entrepreneurial process both enabling and constraining the initiative. This has practical implications for all levels of analysis involved (individual, product, firm, system) in order to develop better incentives and favorable conditions. Additionally, it offers a new theoretical toolset to contribute to maturing TE theory and entrepreneurship theory in general, with special attention to intangible, knowledge-laden context, such as the software industry. In particular, this suggests that employing agent-based modeling and simulation (resting on a structural approach) may offer a large potential for describing, explaining and analyzing scenarios related to TE.

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## **Entrepreneurial Philanthropy: An International Case Study of Practice**

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Key words: entrepreneurship, philanthropy, actions, behaviours, value chains, networks,

## **Track Title: Differing Contexts**

### **Paper Title: Entrepreneurial Philanthropy: An International Case Study of Practice**

#### **Aim of the Paper**

Philanthropy is emerging as a key activity of wealthy entrepreneurs. Motivated by the opportunity and capacity to support economic and social regeneration, high net worth entrepreneurs have become increasingly active in philanthropy in developing countries where complex challenges exist in trying to orchestrate meaningful social and economic change. The paper explores the practice of contemporary entrepreneurial philanthropy through a single case study, which seeks to advance knowledge and understanding of the philanthropic endeavours of wealthy entrepreneurs and explores the influence of their entrepreneurial career and associated behaviours and practices.

This paper adds to the relatively sparse but growing literature on entrepreneurial philanthropy (De Lorenzo and Shah, 2007; Gordon, 2011; Harvey et al., 2011; Shaw et al., 2013; Maclean et al., 2013) and responds to a call for more research which relates entrepreneurship to its societal context. It builds on the recent work of Acs (2013), who argues that entrepreneurship and philanthropy are inextricably linked, and who posits that philanthropy has given an edge to capitalism by promoting fundamental forces necessary to advance technological, social and economic equality. Building on Acs (2013), we emphasize the importance of embeddedness and the socio-cultural context in which social innovation and economic development occur (Austin et al, 2006; Granovetter, 1985; Ram et al, 2008; Smith and Stevens, 2010; Tapsell and Woods, 2010; Maclean et al., 2013). We adopt a case-based approach (Eisenhardt, 1989; Eisenhardt and Graebner, 2007; Yin, 2009) to examine how entrepreneurial philanthropy can support and foster enterprise and market infrastructure that can cultivate economic development in developing countries, in a meaningful way, and help towards revitalizing a region marred by poverty and low economic growth. The paper is situated within a wider and on-going study of entrepreneurial philanthropy, which examines individual and business giving in contemporary, historic and international contexts. We define entrepreneurial philanthropy as *the pursuit on a not-for-profit basis of big social objectives through active investment of their economic, social, cultural and symbolic resources* (Harvey et al., 2011; Maclean et al., 2013; Shaw et al., 2013).

#### **Background Literature**

Entrepreneurial philanthropists are characterised by their desire to amass huge levels of personal wealth which they choose to assign a large share of to their philanthropic endeavours (Schervish et al., 1994; Bishop and Green, 2008; Shaw et al, 2013; Maclean et al, 2013). Entrepreneurial philanthropy moves beyond traditional forms of philanthropy where donations and grants are the norm (Anheier and Leat, 2006). Research beyond the field of entrepreneurship has long observed the involvement of wealthy entrepreneurs in large-scale philanthropic endeavours. Business historians have documented the philanthropic activities of highly successful, wealthy entrepreneurs such as Andrew Carnegie (Harvey et al., 2011; Nasaw, 2006) and J.D. Rockefeller (Chernow, 1998). A small but growing body of research has drawn attention to the present-day involvement of wealthy entrepreneurs with powerful networks in significant acts of philanthropy intended to address persistent social and economic inequalities (Bishop and Green, 2008; Schervish, 2003, 2005, 2008; Harvey et al., 2011). At the same time global media has raised awareness of entrepreneurs' involvement in philanthropy focusing attention on the philanthropic ventures of prominent entrepreneurs including Bill Gates, Warren Buffett, Paul Allen and Pierre Omidyar, endowing them with a celebrity-like status (BBC, 2011; Buffett, 2010). In the UK context there is a long history of entrepreneurial involvement in philanthropic projects including Rowntree (1904), Leverhulme (1925), Wellcome (1936), Nuffield (1943), Wolfson (1955) and Weston (1958). Yet given this rich history (Marinetto, 1999) and the

current debate concerning entrepreneurship as a societal rather than an economic phenomenon (Steyaert and Katz, 2004, Maclean et al., 2013), entrepreneurship scholars have largely overlooked this aspect of entrepreneurial behaviour; the wider research study that this paper is situated attempts to bridge this gap.

The celebrity status currently enjoyed by philanthropic entrepreneurs emphasises the absence of critical analyses in the entrepreneurship literature. While rooted within a solid historical context, contemporary entrepreneurial philanthropy differs from the past as the objectives and methods employed by philanthropists have become progressively informed more heavily by entrepreneurial values and practices. As the solutions championed by entrepreneurial philanthropists often involve the fostering of private enterprise (De Lorenzo and Shah, 2007) and the strengthening of existing enterprise and market infrastructure (Gordon, 2011). Recognizing this, and cognisant that research on the philanthropic behaviours of high-net worth entrepreneurs is at an early stage, we identified a foci case study that illustrates the centrality of entrepreneurship beyond the act of wealth creation to contemporary philanthropy.

The present paper uses the Wood Family Trust (WFT) as a lens through which to examine the contemporary practice of entrepreneurial philanthropy in an international context, and specifically focuses on the work of WFT in the agricultural sector of Tanzania and Rwanda. We ask the following questions: how is entrepreneurial philanthropy practiced; what does it add that other forms of donor giving does not; how does it add, more generally, to current debates on the role of philanthropy in economic development and what are the implications for practice and policy.

### **Methodology**

The case presented was purposefully selected from an on-going investigation of contemporary international entrepreneurial philanthropy. It provides rich insight into the working practices of entrepreneurial philanthropy, with a specific focus on the development of value chains in the tea and cotton industry in Africa. The use of case study research necessitated a qualitative approach (Eisenhardt, 1989; Eisenhardt and Graebner, 2007; Yin, 2009) involving multiple in-depth interviews with the focal philanthropist, chief executive of their foundation and other key informants, as well as analysis of internal foundation documents provided to the research team and publicly available data.

### **Results and Implications**

Analysis of this data provides a rich understanding of the working practices of entrepreneurial philanthropy in an international context. The case study focuses on the philanthropic practices of a successful entrepreneur who has located the international headquarters of their business in the UK and has directed their philanthropic endeavours towards the African continent. The effects of their philanthropy have impacted positively on value chains existing within the tea and cotton industry in Africa.

Findings reveal the importance of an application of: business acumen, an entrepreneurial mind-set, in-country expertise and engagement with elite political and intellectual networks as necessary to catalyse meaningful change. It provides insights into how value chains can be strengthened to support the sustainability of micro enterprises within internationally focused markets. The case illustrates how successful entrepreneurial expertise coupled with a cautious and ambitious approach to philanthropy can fuel change at grassroots (individual, local and regional) and institutional levels (national). The paper contributes to emerging debates about entrepreneurial actions and behaviours.

## **Raising Sustainability Awareness and Understanding in Higher Education**

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Key Words: sustainability, education, corporate social responsibility, ethics, cross-functional learning

Track Title: **Sustainability**

Paper Title: **Raising Sustainability Awareness and Understanding in Higher Education**

Sustainability has been defined by the Brundtland Commission (WCED, 1987) as “meeting the needs of the present without compromising the ability of future generations to meet their own needs”. In times of an increasing expectation of customers, shareholders, employees, and communities and the general public about the contributions that corporations are making towards sustainability (WBCSD 2010) the latter continuously are severely criticised for actions that contradict their glossy sustainability reports. (Holliday 2010) Often it is found that the causes are rooted in a lack of awareness of the complexity of relationships and context that sustainability has within the firm, esp. SMEs which cannot dedicate major resources to cope with the issues. Therefore the question arises what universities can do to build awareness and understanding of students to prepare them to better cope with sustainability aspects in their future careers. (Starik 2010)

The paper presents findings based on quantitative (course evaluation) as well as qualitative data (exploratory interviews) from five consecutive, cross-functional courses in “sustainability” for students in business, law, architecture, health management and engineering and evaluates the extent to which their attitude and awareness during the course. Recommendations are given for institutions in higher education as well as for companies to follow up with further training initiatives for their junior managers.

**Aim of the Paper:** To contribute to the discussion and further development on how to implement ethics and sustainability issues in students education.

### **Background Literature:**

Holliday, S. (2010) *An Interview with Chad Holliday, (Former) CEO & Chairman, DuPont: The Relationship Between Sustainability Education and Business*. Academy of Management Learning & Education, 2010, Vol. 9, No. 3, 377-383.

Starik, M., Rands, G., Marcus, A.A. and Clark, T.S. (2010) In search of sustainability in management education. Academy of Management Learning & Education, 2010, Vol. 9, No. 3, 532-541

World Business Council for Sustainable Development. (2010) Vision 2050 the new Agenda for business, [www.wbcsd.org/web/vision2050.htm](http://www.wbcsd.org/web/vision2050.htm), accessed January 3<sup>rd</sup>, 2014

World Commission on Environment and Development. (1987) *Our common future* (The Brundtland Report). Oxford: Oxford University Press

**Methodology:** quantitative data analysis (course evaluation) as well as qualitative data (exploratory interviews)

**Results and Implications:** Recommendations are given for institutions in higher education how to implement sustainability in courses and curricula as well as for companies to follow up with further training initiatives for their junior managers.

## **Social Entrepreneurship and Contextual Forces – a Case study from Norway**

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Key words: Social entrepreneurship, contextual influence, Norway, case study

**Track: Different contexts**

## **Title: Social Entrepreneurship and Contextual Forces – a Case study from Norway**

### **Aim of the Paper**

In this paper we examine the specific role of social entrepreneurship in a social democratic welfare state. More specifically we ask these questions: Do we need social entrepreneurship in a social democratic welfare state? What purposes do social entrepreneurs serve in a social democratic welfare state? What drives and characterizes social entrepreneurship in the Norwegian economic, cultural and political context? Both initiatives and motives may be different in a social democratic welfare state compared to other contexts where welfare systems are less developed. Few studies seem to have addressed these questions previously. More knowledge in this area will provide a better basis for developing tools for stimulating social entrepreneurial efforts within a varied range of national and political contexts.

This paper investigates how social entrepreneurship develops at the intersection between public agencies, research and development, market business initiatives, and civil society (volunteer organizations and non-profit NGOs). We examine the drivers behind these ventures and the role different involved actors play in the promotion and development of social entrepreneurship in Norway. We pay specific attention to the role of the welfare state in facilitating the development of social entrepreneurship in the Norwegian context.

### **Background Literature**

Research has demonstrated that the main driver for commercial entrepreneurship is optimizing economic return, while social entrepreneurship centers on social returns (Austin et al. 2006). Common dimensions of entrepreneurial initiatives (Covin and Slevin 1989, Rauch et al. 2009), innovativeness, proactiveness and risk management, are also found to be important for entrepreneurs aiming to create social value (Peredo and McLean 2006). Research shows that social entrepreneurship arises in areas where there is a need for services, and that social entrepreneurs, and social enterprises, respond to an eminent demand in the marketplace. "Social entrepreneurship is emerging as an innovative approach for dealing with complex social needs" (Johnson 2000:1) especially in the face of diminishing public funding.

While social entrepreneurial initiatives take on various forms in different countries, research primarily distinguishes between two dominant forms of social entrepreneurship in market-driven economies. One of these forms is social entrepreneurial initiatives that include commercial activities. Their main motivation is still to contribute to social welfare as Peredo and McLean (2006: 56-57) explain: "their undertakings are driven by social goals; that is, the desire to benefit society in some way or ways". Whereas traditional entrepreneurs measure success in profits, social entrepreneurial initiatives are focused on wealth only as a means to an end. This is another way of saying that the social entrepreneur aims in some way to increase "social value," by contributing to the welfare or well-being of a community (Peredo and McLean 2006: 59). Much research has focused on this particular form of entrepreneurship, the rise of value-driven businesses which are commercial actors, but who also serve the public good. The other form of social entrepreneurship is primarily associated with the non-profit sector. This includes the operation of non-profit organizations which turn their profits back into development of, or expansion of, their delivery of services. Research has shown how the success of such social entrepreneurial initiatives often depend on state support in the form of legislation and other sorts of social policy as "successful pursuits of social entrepreneurship differs in significant ways from ... success in entrepreneurship without the social component" (Peredo and McLean 2006: 56-57).

Nissan et al. (2012: 304) cross-country analysis of non-profit activity suggests that non-profit initiatives are influenced by social capital, trust, public expenditures (public sector dimension), economic development (income, human development) and entrepreneurial activity. Their study confirms a positive relationship between economic development and non-profit activity, and also a positive relationship between public expenditure and non-profit activity. This suggests that high public expenditures do not limit social entrepreneurial initiatives, but rather open up for more opportunities through partnerships between the state and non-profit sector.

## **Methodology**

To explore the research questions we first review literature on the various functions of social entrepreneurship and the drivers of social entrepreneurship within different sociopolitical contexts. Next we investigate these questions empirically using four exploratory cases from the health care sector to illustrate the specific forms social entrepreneurship may take in a social democratic welfare state. The cases are selected such that they illustrate both non-profit initiatives and initiatives containing commercial activities. Key informants are firm owners, the initiating entrepreneurs and other cooperating partners (representing the public sector, commercial actors, research and development, and civil society/volunteering organizations). Comparison of these different cases allows us to outline various models of social entrepreneurship and explore how key actors collaborate to create partnerships which develop into unique social entrepreneurial initiatives.

## **Results and implications**

Our preliminary findings suggest that social entrepreneurship takes on different forms in the Norwegian context as various actors collaborate to develop social entrepreneurial initiatives in the areas where the state can no longer provide sufficient services. Our findings illustrate the importance of *state-supported social entrepreneurship*, and demonstrate the key role of the welfare state in supporting social entrepreneurship as a way of ensuring regional sustainability and development.

## Family Business in West Michigan: A Survey

Although family ownership is the primary form of business in the United States, little is known about their ownership structure, earnings distribution and philanthropic giving philosophy because of the lack of information available on privately held companies in the United States. A survey of family businesses in West Michigan was conducted in 2001 with a follow-up in 2012 which gives some insight into structure, earnings retention and distribution and philanthropic giving.

This paper will give some insight into changes in ownership structure over a decade. It is difficult to get owners of privately held companies to reveal how they distribute specific dollars of income and how much they donate. However, by asking this information in percentages of net income rather than dollar amounts, we were able to get a high level of participation and gain valuable insight into family business philosophy of reinvestment and philanthropy.

## **Entrepreneurial Opportunities and Changes in the Natural Environment**

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Key words: Opportunity identification; natural environment; new venture, sustainability

## **Track: Sustainability**

### **Entrepreneurial Opportunities and Changes in the Natural Environment**

#### **Aim**

This paper explores the potential of changes in the natural environment as a source of entrepreneurial opportunity. An analysis of the Inc. 500 fastest growing companies highlights the forms that exploiting such opportunities might take.

#### **Literature**

Entrepreneurial opportunities are often categorized as either discovered or created (Alvarez & Barney, 2007; Venkataraman, Sarasvathy, Dew, & Forster, 2012). The discovery perspective suggests that opportunities are discovered from objective sources of change that exist outside of the entrepreneur. Traditionally these opportunities arise from three main changes in the external environment: changes in technology, the political/regulatory environment, and socio-demographics (Shane, 2003). While these three areas of change have long constituted the main sources of entrepreneurial opportunities, an often overlooked area of change comes from the natural environment.

In 1987, the Brundtland Commission reported that environmental trends could radically alter the planet and negatively impact the species upon it. Almost 20 years later, the Millennium Ecosystem Assessment (2005) concluded that over the past 50 years, humans had changed ecosystems more rapidly and extensively than in any comparable period of time in human history. A 2012 Intergovernmental Panel for Climate Change (IPCC) report states that natural climate variability and human-generated climate change had influenced the frequency, intensity, spatial extent, and duration of some extreme weather and climate events and further increases in these events are projected over the 21st century (IPCC, 2012).

This paper rests at the interface of changes in the natural environment and changes that form basis for entrepreneurial opportunities. We propose that changes in the natural environment serve as a fourth key source of entrepreneurial opportunities and that the opportunities from changes in the natural environment are exploited in terms of mitigation, adaptation or combination of the two. The paper explores evidence for changes in the natural environment and provides six cases to develop a framework for the role of mitigation and adaptation in exploiting opportunities from changes in the natural environment. To further develop and test the framework we analyze the relationship between sources of change and opportunity identification for the fastest 500 growing firms on the Inc. 5000 fastest growing firm list. The paper concludes with implications and directions for future research.

In recent decades, entrepreneurship literature has approached the natural environment through the concept of sustainable development (Hall, Daneke, & Lenox, 2010). Business opportunities are thought to reside in integrating sustainable development practices into existing businesses, or developing green ventures (Cohen & Winn, 2007). Dean and McMullen (2007) argue that "environmentally relevant market failures represent opportunities for achieving profitability while simultaneously reducing environmentally degrading economic behaviors" (p. 1). York and Venkataraman (2010) also propose that entrepreneurial opportunities exist in creating sustainable solutions to the environmental crisis. However, they attribute this potential for opportunity to the uncertainty surrounding environmental issues.

Whether viewing changes to the natural environment as impacting resource availability and valuation, or as informing an opportunity to provide sustainable alternatives to current business practices, economic and entrepreneurship literature suggests that entrepreneurial opportunity is impacted by changes in the natural environment. Further, sustainable development entrepreneurship literature indicates that not only is entrepreneurship impacted by changing availability of resources, but entrepreneurs can also take action in response to these changes (Hall et al., 2010).

The United Nations Framework Convention on Climate Change identifies adaptation and mitigation as the key mechanisms with which to address climate change (United Nations, 1992). The climate change community defines adaptation in terms of human systems as a "process of adjustment to actual or expected climate and its

effects, in order to moderate harm or exploit beneficial opportunities” (IPCC, 2012, p. 556). Mitigation of climate change refers to “human intervention to reduce the sources or enhance the sinks of greenhouse gases” (IPCC, 2012, p. 561). While adaptation seeks to adjust to changes, mitigation seeks to reverse damage or prevent changes from occurring by addressing the sources of change. Thus, entrepreneurial opportunities related to environmental change may be classified as some combination of adaptation and mitigation. We present 6 short cases to illustrate the role of adaptation and mitigation as forms of opportunity exploitation from changes in the natural environment.

## **Method**

To further investigate entrepreneurial opportunities from changes in the natural environment, we follow Bhidé, 2000 and Markaman and Gartner 2002 by drawing on the Inc. 5000 List of America’s Fastest Growing Companies. We first examined the top 500 companies listed on the 2012 Inc. 5000 List for evidence of a relationship between these companies’ business lines and changes in the natural environment. To do so, we reviewed company descriptions included on the Inc. 5000 website, and further examined company websites for evidence of business offerings, goals, principles, and customers related to changes in the natural environment, mitigation, or adaptation. In most cases, it was fairly easy to identify whether exploited opportunities had ties to changes in the natural environment.

For each company that demonstrated some tie to the natural environment concept, we then identified whether opportunities were exploited in the form of adaptation, mitigation, or both adaptation and mitigation. To examine additional themes, we also recorded the Inc. 5000 industry categories and founding dates of each of these companies, and reviewed our subset for information about opportunity combinations, target customers, and characteristics of adaptation opportunities.

## **Results**

Results from our study are presented in terms of propositions surrounding the role of the natural environment as source of entrepreneurial opportunity. We find opportunity exploitation can be broadly categorized into a mitigation-adaptation model. Implications for the field of entrepreneurship and sustainability are discussed.

## Parallel Session 3

**Title: Building an International Charter for Youth Entrepreneurship**

**Chair: Anthony Gribben, Head of Enterprise & Entrepreneurship, European Training Foundation.**

### **Preamble**

The global economic crisis and resulting impact on youth unemployment has catapulted youth entrepreneurship onto the policy agenda like never before. Governments and stakeholder institutions are now scrambling for ideas and solutions as to how youth entrepreneurship can be developed; and how it can contribute to sustainable growth and employment. Policy tools on youth entrepreneurship are thin and scattered. They are also predominantly 'singular' in approach, focusing on one aspect of youth entrepreneurship (e.g. start-up training). Youth entrepreneurship is complex involving a range of issues (e.g. access to finance or networking, taxation, education, mentoring) that need to be addressed as a package. There is value then in bringing together the key issues and identifying ways forward within a single, 'easy read' document to support governments and other stakeholders to put in place the policies, structures and financial support to build the next entrepreneurial generations worldwide.

In the run-up to the ICSB conference the European Training Foundation established an international focus group (experts from 30 countries) tasked with identifying the most critical barriers to youth entrepreneurship and how youth entrepreneurship could be improved. Experts within the focus group represented public, private and civic interest groups, policy makers, education and training providers, finance specialists, and international organisations and young entrepreneurs. The focus group's composition particularly reflected transition and middle-income economies.

The outcome of the focus group's work is a draft International Charter for Youth Entrepreneurship. It goes beyond a 2010 initiative of the G20 young entrepreneurs alliance (a forum for discussion, cooperation and exchange to support and encourage youth entrepreneurship between the alliance's members and globally) by focusing on the policy-enabling environment as a pre-condition for sustainable development and support for youth entrepreneurship.

The workshop represents the final phase of the Charter-building process and seeks conference participants' reflections and improvements to the draft text.

### **Objective**

The objective of the workshop is to finalise and agree an International Charter for Youth Entrepreneurship.

### **Working Methods**

The workshop will begin with an overall presentation of the draft Charter and how it was elaborated as well as drawing on the key points from an earlier conference panel on youth entrepreneurship.

Participants will breakout out into thematic groups reflecting the contents of the draft Charter and where their feedback and improvement points will be sought. Issues from the breakout groups will be shared back into the plenary workshop.

The workshop will conclude with an International Charter for Youth Entrepreneurship that will be launched at the conference gala dinner on 13 June.

The workshop will be facilitated by experts from the European Training Foundation.



The European Training Foundation (ETF) is the EU's specialist agency supporting human capital developments in 30 transition and middle-income economies to the south and east of the European Union. It gives particular attention to entrepreneurship promotion at all levels of education and promotes strategic linkages and cooperation between education, business and the wider entrepreneurship ecosystem. [www.etf.europa.eu](http://www.etf.europa.eu)

# Highlight Entrepreneurial Alertness: Sleep as an Antecedent

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**Key words:** Small Business Management, Entrepreneurial Alertness, Vigilance, Sleep, Sleepiness, Tiredness

**Track:** Small Business Management

**Title:** Highlight Entrepreneurial Alertness: Sleep as an Antecedent

## Aim

Kirzner (1979) defined entrepreneurial alertness as the ability of an individual to identify opportunities overlooked by others. Many questions arise regarding potential antecedents of entrepreneurial alertness and Kirzner explicitly indicates that the antecedents of this concept remain unclear (Valliere, 2013; Kirzner, 2008; Yu, 2001). In order to identify the determinants of entrepreneurial alertness, many researchers attempt to highlight the cognitive characteristics that differentiate entrepreneurs and non-entrepreneurs and different types of entrepreneurs from each other (Tang and al., 2008; Gaglio and Katz, 2001). However, this typological approach is incomplete in many regards. As entrepreneurial alertness is also situated, one can observe important variation for a same person at different moments (Tang, 2008; Baron, 2004). Therefore, Baron's work (2004, 2006) on conditions that determine the emergence of individuals' opportunity recognition opens new directions in the understanding of entrepreneurial alertness. Inspired by signal detection theory (Swets, 1992), Baron has emphasized how tiredness and motivation were situational determinants of opportunity recognition. Very recent studies have shown that sleep deprivation had two major consequences: a decrease in vigilance and in cognitive performance. The few empirical studies implying that French SME's owners-managers show that they have a prevalence for partial sleep deprivation, which can generate a sleep debt (INSV, 2012; Léger and al, 2011; Delanoë and al, 2004; Lightweight and al, 2000) and a lower quality of sleep (Torres and Chabaud, 2013; Amarak/ Malakoff Mederic, 2011, Leger and al, 2007). Hence there is a need to go further by measuring not only the impact of the management of sleep on SME's owners-managers clinical vigilance, but also on their entrepreneurial alertness.

## Background Literature

Opportunity recognition can be viewed as the cognitive processes through which individuals conclude that they have identified an opportunity. The process by which individuals spot entrepreneurial opportunities and take action to exploit them has a central role in the entrepreneurship literature. Baron (2006) proposed that because of their complex and adaptive frameworks, individuals with high entrepreneurial alertness will be more able to "think outside the box". By drawing from the signal detection theory, he argues that what makes an entrepreneur alert is its ability to correctly predict the existence of a potential business opportunity. However, his sensitivity to perceive the existence of an opportunity may vary over time and according to a given situation. This theory suggests that whenever individuals attempt to assess an opportunity, we can observe four possible outcomes. The business opportunity is actually present and the entrepreneur recognizes this fact (hit or correct identification), the opportunity is absent and he correctly concludes that it is absent (correct rejection), the opportunity is present but the entrepreneur fails to recognize it (miss) and finally the opportunity is absent and he concludes erroneously, that it is present (false alarm) (Swets, 1992). The signal detection theory notes that many factors determine the relative rate at which individuals experience successful opportunity recognition in any given situation. Among these factors, the theory highlights the importance of the current status of the individual, for example in terms of fatigue or motivation for business

opportunities recognition or decision making process (Baron, 2004). Sleep consists of different phases, which directly or indirectly impact the psychomotor, cognitive and physical performance of an individual (National Institute of Sleep and Vigilance, 2012). Studies have shown the impact of acute and chronic sleep deprivation on physical, mental and cognitive abilities of individuals (Leger and Adrian, 2012; Onyper and al, 2012; Geiger-Brown and al, 2012; Stenholm and al, 2011; Åkerstedt and al., 2002). Indeed, sleep deprivation and poor sleep quality are known to affect basic cognitive functions like behavioural alertness (Thomas et al., 2000), or reaction time. But many physiological and neurocognitive processes are taking place during sleep (Curcio et al., 2006) and it can also impact complex cognitive functions such as the encoding of episodic memory, decision making process, judgment, reasoning, speech and divergent thinking (Curcio and al, 2006; Harrison and Horne, 2000; Jones and Harrison, 2001). Functions are often stimulated to deal with new and unfamiliar situations. An acute sleep deprivation or deterioration of its quality can cause many physical and psychological dysfunctions, often relatively mild as tiredness and sleepiness (Ohayon, 1997; Light and Guilleminault, 1997; Giordanella, 2006; Paquereau and Bruel, 2010; Leger and Adrian, 2012), but sometimes more troublesome as irritability, dizziness or anxiety (Giordanella, 2006). Some studies report the effects of tiredness and sleepiness on individual, but also on its performance (Light and Guilleminault, 1997; Jenkins and Dallenbach, 1924). To these direct effects on the health of an individual, it can also be added side effects that may impact his entrepreneurial ability (Paquereau and Bruel, 2010; Leger and Adrien, 2012; Guiliiani and Torres, 2012).

## **Methodology**

### *Sample and methodology*

Our goal is to determine if sleep can influence the entrepreneurial alertness of a SME's owner-manager. We are currently conducting a quantitative cross-sectional study on a cohort of 400 SME's owners-managers. The sample from the Amarak Observatory database is composed of French SME's owners of different types, sectors and geographical location. The SME's owners-managers who agreed to answer the study are receiving an email with a link to an online questionnaire.

### *Measures*

The Pittsburgh Sleep Quality Index is one of the few assessment instruments combining both quantitative and qualitative components of sleep (Blais and al, 1997). It was created to measure the quality of sleep and its disorders screening in the general population. This tool differentiates between "good" and "bad" sleepers (Buysse and al., 1989).

The Epworth Sleepiness Scale is used to assess the general level of sleepiness, using eight different situations (Johns, 1991).

The Revised Piper Fatigue Scale is a self-report instrument with four sub-scales: behavioural/severity, affective, sensory and cognitive/mood (Gledhill and al., 2002).

The measurement of the dimensions of entrepreneurial alertness is based on Tang and al. work (2012). The authors suggested that entrepreneurial alertness relates to three complementary dimensions: scanning and search, association and connection and evaluation and judgment. They performed several analyses that resulted in a 13-items alertness scale, relating to the three dimensions (Tang and al., 2012).

## **Results and Implications**

There is very few knowledge and statistics on the health of SME's owners-managers in France (Torres, 2010, Torres and Chabaud, 2013). Or, a lack of sleep can have a significant influence on individuals' behaviour and cognitive abilities (Kaliterna and al., 2004). The primary contribution of this paper will be the identification of a major situational determinant of entrepreneurial alertness that is the state of sleep. We will measure the effects of the impairment of clinical vigilance on entrepreneurial alertness. At the same time, we will try to observe whether entrepreneurs self-regulate the impairment of their clinical vigilance, in order to maintain their entrepreneurial alertness. In order to do so, we will examine if their impairment is either the result of a lack of control or a psychological tactic to challenge their entrepreneurial alertness in stretching purposefully the limits of their clinical vigilance. In both cases, we will discuss whether heroic culture of entrepreneurship is conducive of entrepreneurs' ordeals and denial of the psychosocial and cognitive risks that they run.

# Entrepreneurship Education Evaluation – Ideas for Entrepreneurial learning, Environments and Platforms

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## Abstract

The aim of the paper is to describe the results of the evaluation research of entrepreneurship education in Regional level. The target group for the survey was the entrepreneurship education staff, stage holders, teachers and students who were participated on the actions in primary and secondary schools and vocational school and in university level. The research problem was to evaluate qualitative and quantitative successes and permanent regional changes related to the theme of entrepreneurship education. The reason for the research was to create a model and recommendations for the linking of entrepreneurship education to all school levels, to teacher training and to give recommendations for the future developing of entrepreneurship education. The far-reaching aim is to find new innovative entrepreneurial pedagogic for the use of teachers and educators.

There are several reasons for the evaluation. For example M. Q. Patton (1982, 1997, 2002, 2004) said, *“if evaluation is not done, success cannot be distinguished from failure. If success or failure is not pointed out, we cannot learn from them, either. If the results are not evaluated and monitored accurately, it is difficult to achieve more wide-ranging support for the measures”*. It has been said the meaning of evaluation is defining of the value of the object or activity under examination, evaluative and interpretative analysis. Aims, demands and the criteria, to which the issue under evaluation is compared, are in a central position. The meaning of evaluation is to yield diverse information about the value, strengths and areas of improvement of the activity, and its aim is the development of the activity under evaluation. (New Directions in Educational Evaluation 2004-2007, p. 52-53)

Generally evaluation means the defining of the value of phenomena and activity based on the publicly expressed criteria, the proportioning of it to the grounds of evaluation (for example House 1993, 4; House & Howe 1999). As Raivola (2000a, 65-66) states, *“the task of evaluation is to yield systematic information, into which value- and benefit conclusions are attached so that the information can be used to direct a social activity so that it can even better and more efficiently reach the goals set for it”*. The utilization of evaluation information is a part of the effectiveness of the evaluation of education. In education effectiveness usually means the positive success of the training and the fulfilment of its objectives and tasks, pursued by activity (Raivola 2000b, 12).

The Entrepreneurship Education questionnaire for the study based on Gibbs' (2005) Entrepreneurial Behaviours, Attributes and Skills frame. See later picture 1: Entrepreneurial Behaviours, Attributes and Skills (BAS) by Alain Gibb 2005. It has also been utilized the guidelines of entrepreneurship education formulated by the Finnish Ministry of Education and Culture 2009 (Ministry of Education 2009; 7).

## The Methodology

The research was carried out from September 2010 to October 2012. The quantitative data was collected at the beginning using the survey in the webropol environment from February to May 2011 (whole study group was 1160 and N=471). Second were used thematic interviews by phone (N = 72) from April to June 2011. The study population consisted of project players, target- and interest groups. There were also used developing evaluation workshops to create deeper understanding of the research question and respondents ideas on March 2010, May 2011 and December 2012. We were also collected data using webropol from start-ups (N=48) May 2012. Reason for that was we wanted to know what kind of expectation there were with in new entrepreneurs for entrepreneurship education in schools.

For the study steering group of the research decided how the projects taken along study would be chosen. 56 national EE projects were chosen along, and their contact persons were sent a request to supply the email addresses of the employees of the project, the representatives of the target group, the representatives

of the instruction group and the representatives of the interest groups. The addresses were received from 30 projects, altogether 1374 addresses, 1160 of which proved functioning. Appendix 1 presents the acquisition of answers by projects. Thematic interviews were done with 72 persons. These interviews were the same people how answered the webropol survey.

The number of respondents increased after two reminder rounds to N=471 and the answering percentage was over 40 %. The acquisition of answers can thus be considered rather well.

### **Key Results**

At the beginning could be said the situation of developing entrepreneurship education in Finnish schools are on the quite good level. It could be said the EE actions were help the participants fulfil the goals which are important talking entrepreneurship education and entrepreneurial learning. The common denominator in all the projects appears to be novel and unprecedented openings made, courage and encouragement. Unfortunately, there are still visible on specific same problems as before the EE projects. First the real support that teaching staff needs for their work is still remain very low and on the other hand still among the teaching staff are people who see entrepreneurship education is too complicated and too time-consuming. The reality is that the situation would be just the opposite. When we asked the target group open the life after the project time we could rise up the projects aims are quite well alive. Extremely important point in study was to open if the project helped the target group develop entrepreneurial readiness and skills and also if there was during the projects time tested new entrepreneurial learning methods. Luckily for both question the answer was clearly yes. It could be confirm the entrepreneurial learning and entrepreneurial pedagogy methods opened at the beginning at the paper really works when wanted to support entrepreneurial thinking and action in school context.

Second could be brought up some commentary on the development of entrepreneurship education. Entrepreneurship education should be seen as a strong broad-based and holistic concept and practical activity, which includes both own life management areas and self-direction, creativity and courage to do things otherwise as well as that business start-up and operating the whole spectrum. When entrepreneurship education is seen and implemented a broad-based, holistic concept and practical activity, we could all do by own work, behavior, and activities such as promoting entrepreneurship. See picture 2.

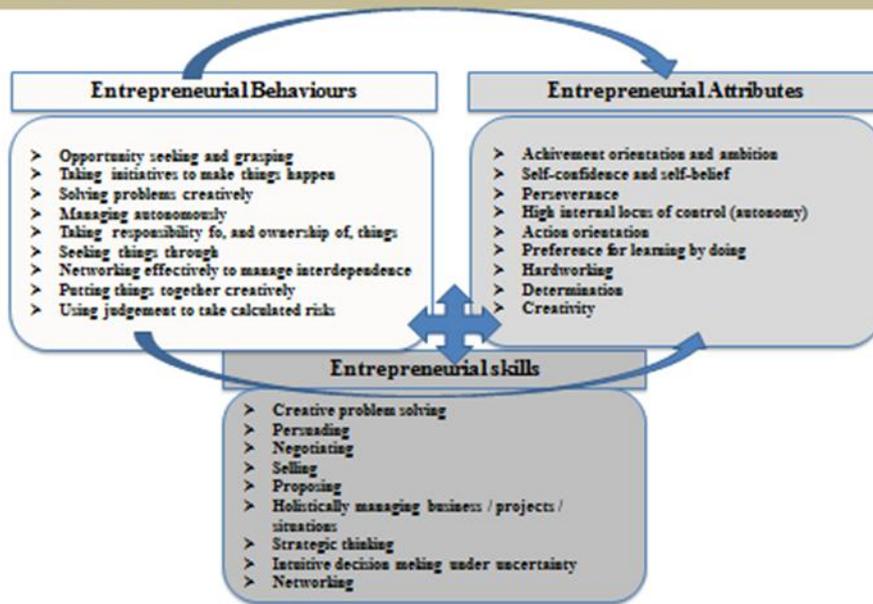
Third could say that practical work in schools is very long-term work. The development of entrepreneurship education has been raised as an important part of the school development in the future and, for example in curricula's entrepreneurship education has been strongly involved. Entrepreneurship education should be seen that the teachers are involved with the students to develop the characteristics of the human body, which are called entrepreneurial characteristics of both internal and external aspects of entrepreneurship. Entrepreneurship education has been given meanings and goals, and it will change practices at near future. Entrepreneurship education terms, coverage, definitions, methodologies and practices have been seen to be more familiar, but these require further work. This work will continue and needs of development of educational materials, wide range of teaching staff training and networking and got best practice knowledge from different actors and the cooperation with different levels of education.

In summary, development of entrepreneurship education is a good way to up and the work will continue in cooperation with the excellent EE expert network. To the development should be taken into both as public actors, financiers, industry, schools, entrepreneurs, businesses as well as students, so that users' voice could be raised up. Earlier it has been several times forgotten real entrepreneurs and students experience and know how in the development of EE. This could be one of the first steps of entrepreneurship education developing in the near future.

### **Key words**

Entrepreneurship education, entrepreneurial pedagogy, entrepreneurship education evaluation

Entrepreneurial Behaviours, Attributes and Skills by Alain Gibb 2005, picture compiled by Gustafsson-Pesonen, A 2012



Picture 1: Entrepreneurial Behaviours, Attributes and Skills by Alain Gibb, 2005, picture compiled by Gustafsson-Pesonen, Anne 2012.

## Tips for developing EE in all school levels

	High School	Vocational School	University and University Applied Sciences
<b>Primary School</b>	<ul style="list-style-type: none"> <li>• to encourage learning by doing</li> <li>• <b>project work</b> with SME's</li> <li>• learning for <b>life</b> not for school</li> <li>• learning of society skills</li> <li>• <b>active</b> citizenship</li> <li>• <b>learn</b> about the company forms</li> </ul>	<ul style="list-style-type: none"> <li>• learning about <b>company forms</b> of and opportunity recognition</li> <li>• different kinds of entrepreneurial <b>environment</b> and cooperatives</li> <li>• <b>entrepreneurship</b> - as a career choice</li> <li>• flattening down the <b>limits</b> of subjects</li> <li>• project learning</li> <li>• <b>own</b> business creation</li> <li>• learning the pricing and cost awareness</li> <li>• customer service -learning</li> <li>• <b>"intrapreneurship"</b> understanding</li> <li>• a lot of business co-operation</li> </ul>	<ul style="list-style-type: none"> <li>• <b>business creation</b> as a part of studies</li> <li>• the cost and <b>financial</b> awareness learning</li> <li>• HR management learning</li> <li>• <b>research</b> for companies</li> <li>• <b>real</b> business cases and company visits</li> </ul>

Aalto University School of Business Small Business Center | the EU | Gustafsson-Pesonen, A & Kiuru, P. 2012. Ideoita ja ideoita jäs oivalluksia jrittäjyyskasvatukseen, YKOOTTI

Picture 2: Tips for developing Entrepreneurship Education in all School Levels



WORLD  
CONFERENCE ON  
ENTREPRENEURSHIP



**Track: Small Business Management**

## **The Need of a Professionalization of Project Management in Small Enterprises**

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Keywords: project management, small enterprises, grounded theory, professionalization

## Small Business Management

### The Need of a Professionalization of Project Management in Small Enterprises

#### Aim of the Paper

As Turner et al. 2009/2010a state, project management plays a major role in small and medium sized enterprises for both, the management of standard operations as well as for innovation and growth. SME's account for 99,8% of all enterprises in the EU Economy (European Commission, 2011), but their structure and the availability of resources are totally different and so is their project management.

The purpose of this paper is to look at the actual realization of the project management practice of a small company in depth and identify relevant factors which lead to successful or unsuccessful projects. Thus enabling small enterprises i.e. Entrepreneurs, CEO`s and their employees to directly take advantage of the results in their daily business life.

#### Background Literature

Although there is a great amount of literature on traditional project management (e.g. International Project Management Association, 2006; Project Management Institute, 2008; Turner, 2009; Turner et al, 2010b), there are only a few studies or other literature on small and medium sized enterprises (Turner et al. 2009/2010a; Murphy and Ledwith 2007; Letmathe et al. 2008; Braehmer 2009; Marcelino-Sádaba 2012; Pérez-Ezcurdia and Marcelino-Sádaba 2012). Mostly these studies use a quantitative approach without looking at the firms in depth and do not distinguish between micro, small and medium sized enterprises.

Only the studies by Turner et al. 2009/2010a consider this differentiation and just one study of this two used a qualitative approach. By using interviews with different persons in micro, small and medium sized companies, from different sectors and countries Turner et al. 2010a found that small enterprises mostly focus on small projects, whereas larger companies concentrate on larger projects. Therefore smaller enterprises require a less bureaucratic project management structure than traditional forms mentioned above, which were designed for larger projects. The larger the enterprise, the more bureaucratic the project management gets. In accordance with these findings the most popular project management techniques in small companies are the defining of client requirements, road map or milestones, work breakdown or activity lists and calendar of resources all of which require little effort and resources.

Many of their findings regarding small enterprises appear to be consistent with the results of this study. Therefore the focus is on the level of professionalization.

#### Methodology

This study is based on the grounded theory by Strauss and Corbin respectively Corbin and Strauss (1996, 2008). Particularly the statements of Corbin (Corbin and Strauss 2008) concerning the developments in the field of qualitative research and the grounded theory itself fortify the adequacy of the chosen approach and the methodology especially in little-researched areas. Additionally, this approach allows analyzing complex phenomenon's, characterized by social interaction. In this case there is for example communication and its influence, which has to be seen as an essential factor for project management. Furthermore with the insights gained by this method the author will be able to convert the results directly into concrete recommendations for small enterprises (Corbin and Strauss 2008).

The results of this article are based on in-depth interviews with the CEO`s, employees, co-developers, customers and consultants of a small industrial enterprise. They were recorded and transcribed verbatim. Purposive rather than random sampling was used to select the respondents, who are well informed about issues related to the project management strategies tools and the execution of projects.

The data also includes field notes, internal corporate documents and media such as images on the planning and implementation of a professional project management as well as the actual realization and framework of past projects.

Data were organized and coded with the help of a computer-aided qualitative data analysis software (MAXQDA), which helped to identify, explore, sort and edit concepts and categories in the different stages of coding (open, axial, selective). The analysis was guided by a set of questions which facilitated the identification of relevant influence factors for the success or failure of the project management: How and why does the enterprise use which project management strategies and tools, in what form, to what extend and with what consequences?

## Results and Implications

There are three areas which seem to play a major role for project management in the small enterprise: the structure of communication, the decision-making structure and the will to implement and to follow taken decisions. In turn these aspects have an influence on two different dimensions of project management processes. First there is the social dimension regarding the relationship of the CEOs and their employees. The main challenge here is the over boarding demand of control combined with the demand for extreme self-responsibility of every company member. Second there is the dimension of expertise. Problematic in this field is that CEOs show a significant lack of knowledge and skill regarding the whole subject of project management as well as an erratic behavior with respect to the decision-making processes concerning project management techniques and tools.

The consequences of these influential factors are permanently changing workflows in addition to a lack of routine which lead to a higher error rate and reduce the development potential over time. Furthermore it results in a waste of resources not only in terms of finance (material and opportunistic costs, working hours, productivity), but also in terms of employee retainment and motivation.

In summary, the findings show a great need for the professionalization of project management practice which can be translated into concrete recommendations of action for the daily project business. The results offer new insights for those interested in key points for improving the project management a small enterprise.

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**Empowerment Through Transformative Entrepreneurial Processes and  
Everyday Practice:  
The Role of History, Heritage, Community and Culture**

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Key words: history, heritage, community, culture, empowerment, entrepreneuring

## Different Contexts

### Empowerment through transformative entrepreneurial processes and everyday practice: the role of history, heritage, community and culture

#### Aim of the paper

After five decades of development aid and numerous projects aiming to support economic growth in developing countries we still face the fact that there is over billion people living under poverty line. This study aims to create better understanding of the entrepreneurial actions of impoverished people from the perspective of their history, heritage, community and culture. In particular, in developing countries, entrepreneurial action may enhance a transformative, emancipatory process, which can support the empowerment of poor people. The longer term objective of this project is to *map* the unfolding of socio-economic development longitudinally in *selected and delimited empirical settings* to explore how transformative and enterprising activities change the images and perceptions of these areas: how such activities can strengthen communities and have a lasting affective impact on individuals.

We aim to investigate how and under which circumstances history, heritage, community and culture impacts on enterprising activities and how immaterial value-creation may transform into material value to create transformational shifts in the involved communities. We explore how individuals living in poverty make use of culture and cultural narratives. We analyze what heritage offers or fails to provide in the project of making a living and enquire how we can then characterize enterprising communities. Finally, we examine how entrepreneurial groups can use history and heritage strategically.

*Culture* is investigated through a dual lens: (i) the practices, norms and values that determine how value creation is perceived and evaluated within specific communities; and (ii) the performative processes by which cultures emerge, transfer and constantly change. *Heritage* is understood as all the conditions of resources inherited within a spatial formation including (i) material conditions, (ii) political structures of dominance (iii) technologies and infrastructure, and (iv) industries, buildings and ruins. *Community* is constituted by any self-defined group of people, who see their mutual belonging to the community as distinguishing but not excluding them from other members of society and entrepreneurial community building transcends essentialist community formations based on ethnicity, nationality and gender (Hindle, 2010). *History* is interpreted as a reservoir of knowledge and relics in terms of past events, buildings and experience that may be combined and used in various manners in entrepreneurial activities. Looking at these location specific conditions with respect to entrepreneuring of impoverished people we aim to understand the empowerment process.

#### Background literature

We use the term entrepreneuring as it implies to an emancipatory process with a change potential. Indeed, the idea of entrepreneuring is perceived as more suitable when looking at people living under poverty. Their entrepreneurial actions are tackling with daily life problems rather than following well planned business strategies. In other words entrepreneuring is defined as "efforts to bring about new economic, social, institutional, and cultural environments through the actions of and individual or group of individuals (Rindova, et al 2009). To view entrepreneurial activities as generators of change within a society is more appropriate perspective for this study than to consider entrepreneurship as generating wealth or economic growth. Thus, this paper conceptualizes entrepreneurship as an everyday practice, which can be enacted by any individual.

So far little research has focused on the role of history, heritage, community and culture as resources in the entrepreneurial process. Indeed, these factors constitute what Tobias (2013) call "location-specific" conditions that may both facilitate or hinder action. In other words, how history, heritage, community and culture as antecedents influence on how people become empowered. Moreover, in contrast to the top down institutional perspective on empowerment, this study considers empowerment as bottom up process that starts from individual itself.

During last decade empowerment has become a buzzword in development jargon partly replacing trendy terms such as participation and women's development. Although it is hard to find a consensus on the definition of empowerment, what is common to these attempts is the process view they take on empowerment. It is not seen as the end of action but as on-going process (Al-Dajani and Carter, 2010, Mosedale, 2005, Stromquist's 1995, Batliwala, 1994, McWhiter 1991).

However, the academic literature on empowerment is scarce and even more so regarding entrepreneurship. Therefore it is necessary to look to other fields in order to achieve an understanding of the concept. According to Mosedale (2005) there are four generally accepted aspects on empowerment. Firstly, individuals must be disempowered in order to be empowered. Secondly, empowerment cannot be bestowed

by a third party. Rather those to be empowered need to claim it. In other words, development agencies cannot empower people. Mosedale (2005) argues, that most they can achieve is to create conditions to favourable to empowerment. Thirdly, empowerment often includes notions of people making decisions on important matters in their lives and further being able to carry them out. Finally, empowerment is a process rather than a product that can be seen as a final goal of development efforts. Moreover, empowerment can be understood as maximizing people's opportunities and removing constraints to creating a livelihood (Rowland, 1995).

As individuals are shaped by their history, heritage, community and culture we assume that these factors may influence on empowerment process and more specifically how people enter to the process because it involves individuals' awareness of themselves and their position in the community and their willingness to act to make a change. The location specific conditions might even form the cornerstone for entrepreneurial empowerment and further lead to entrepreneurial action.

### **Method**

This paper reviews the literature on empowerment processes and entrepreneuring taking place in poverty contexts through the analytical lense of history, heritage, community and culture.

### **Results and implications**

This paper builds a conceptual model to help future investigations understand how people become empowered we need to study their location specific conditions that are shaping the individuals who they are.

Indeed, the everyday problems of third world countries are so different from those that we encounter in Western Europe. This means that everyday practice ideas that arise in African countries, where most people are faced with the challenge of finding a roof over their head and putting food on the table, rather than how to avoid spilling red wine on the white table cloth. It also means that when western governments send food and tents to disaster areas, then this has a disruptive effect on the entrepreneurial activities.

The resource-based view is extended from a focus on firms to communities more broadly bringing historical resources into play. Historical resources are typically difficult to imitate, which is one of the characteristics of resources that gives rise to various forms of cultural and competitive advantage. Additionally, cultural resources may be brought into a new place and combined with its history may result in new unique resource combinations. Finally, this study brings new insights to development discussion as well as entrepreneurship research focusing on developing countries. This study also contributes to the development discussion by looking at empowerment as a process rather than a goal and more importantly examines the location specific conditions that can enable or hinder empowerment. This has also implications to development actors since understanding these conditions can help to support the impoverished people and their entrepreneurial actions.

## Track: Firm performance

# Investment patterns of new ventures using pooled cross-sectional data of start-ups

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**Keywords:** New venture development; investment; stages model; firm performance

## Aim of the paper

O'Farrell and Hitchens (1988) classify business growth theories into different main groups. One major group are theories according to which growth is viewed as a series of phases or stages of development through which the business may pass in an enterprise life-cycle. The usefulness of these stages models in explaining entrepreneurial business growth has been discussed controversially in the literature (Levie and Lichtenstein, 2010; Phelps et al, 2007). Although previous research has contributed theoretically to the growth process of new ventures, there is a lack of empirical confirmation of stages theory. Levie and Lichtenstein (2010) suggest a flexible approach to explain growth patterns called "new dynamic states approach".

The main purpose of the study is to empirically identify the process of investment applying the dynamic states model and to test whether specific variables influence investment.

This article contributes to the literature in three ways.

Firstly, a new approach on investment-led growth is proposed. Based on data from a German Start-Up Panel this new approach is tested against different stages theories using investment as dependent variable in early venture development.

Secondly, this paper shows that there are certain investment patterns which develop over time. Applying a cluster analysis and a structural equation model factors which explain fluctuations within and between different stages are identified.

Thirdly, in response to calls on better theorizing and modeling drivers of the successful establishment of imitative businesses this research focuses entirely on new ventures.

## Background literature

O'Farrell and Hitchens (1988) distinguish between static equilibrium theories, stochastic models of firm growth, strategic management perspectives, and theories of phases of development.

Although stages models of business growth have developed over the last 60 years no consensus on what constitutes a stage, how many stages exist, and why stages change exist could be reached. Most researches are based on the view that organismic development can be used to explain the growth of a company. The transition is assumed to be linear and gradual (Churchill and Lewis, 1983). Moreover, the research over the last 60 years showed that specific number stages and a "genetic program of development" often failed in explaining growth. At the heart of the dynamic states approach is the tension between change and stability (Levie and Lichtenstein, 2010). Thus, it could be concluded that stages models are rather inappropriate for the examination and explanation of new venture growth. However, this paper argues that firstly the models should be applied in another context, using investment as dependent variable. Secondly, a more flexible approach is necessary to explain the complexity of firm performance (Lichtenstein et al. 2007).

## Methodology

Since 2000 the Start-Up Panel of the German federal state of North Rhine-Westphalia (NRW) has monitored annually young enterprises predominately belonging to the crafts business sector (Lambertz and Schulte, 2013). This sector can be seen as typical of entrepreneurial activities in Germany in terms of size, business model, and legal type, among others. Therefore, the study focuses mainly on 'ordinary' business starters, which have neither innovative nor technology-based business concepts. Davidsson and Gordon (2011) argue that "there is an obvious need for better theorizing and modeling of the drivers of the successful establishment of imitative, subsistence-oriented businesses".

Until 2013, this German panel data set, with response rates between 25.0 and 73.0 percent has observed more than 19,000 start-ups. In addition to start-ups, the panel covers successions as well as active participations and contains data solely on full time entrepreneurship. Therefore, it is not biased by part time

businesses that cannot usually be compared with full time ventures, for instance because they are created only for auxiliary income (Davidsson and Gordon, 2011). Thus, single person enterprises, which have become a very important part of today's economies (Keßler et al., 2009), are only covered as far as they are run as a full time job. The conceptual cornerstone of the Start-Up Panel NRW is a periodical survey based on standardized written questionnaires that pave the way for the long-term monitoring of a large number of young entrepreneurs and their enterprises, either newly created or acquired. The Panel allows controlling for survivorship bias. Because government authorities have monitored all included start-ups over a three-year period, no hidden market exit is possible during these years. Furthermore, all exits can be verified by using a special crafts register, where all entries and exits have to be recorded.

The annual panel wave questionnaire contains recurring questions assessing corporate development (e.g., sales volume, quantity of staff, investment volume, corporate earnings expectation, corporate profit situation, production activity, achievement of profit goals) as well as nonrecurring questions focusing on specific topics that differ in each panel wave (e.g., counseling, entrepreneurial marketing, or motivation)" (Lambertz and Schulte, 2013).

The research refers to data from 9 waves of the Start-Up Panel NRW, which have been merged into one data set of pooled cross-sectional data. Utilizing pooled data, potential biasing effects of different economic business cycles, cohorts, and outliers could be reduced. Furthermore, the study utilizes a number of control variables, such as the legal form of organization, business sector, sales volume and the quantity of staff, to insure that the results are generally acceptable and not influenced by other effects (Lambertz and Schulte, 2013). The merged dataset contains 7.028 German entrepreneurs comprising 4.880 (69,4 %) entrepreneurs who were establishing a new venture, 1.872 (26,6 %) who were taking over a company, and 276 (4,0 %) who were actively participating in an existing business between 1995 and 2012.

## **Results and implications**

The research gives evidence for reoccurring investment patterns in new ventures. However, the development of investment is neither nonlinear nor gradual but occurs in waves with peaks at the beginning of the new venture and after six years. This result is robust controlling for the legal form of organization or the business sector. Using sales as dependent variable, patterns of growth could be only found for certain sectors. Therefore, the critic holds that stages models are not appropriate to explain the path of growth of new ventures in general. In contrast, all sectors show a similar investment pattern although the median between sectors varies significantly. The same applies for the legal form. Further research is needed to explain variables which shape the different stages.

For the first time, this study shows by empirical evidence of a large number of start-ups, that investment behaviour in new ventures is nonlinear and happens by shoves. We could identify a first and a second wave of investing just in the first seven years after starting the business.

One important theoretical implication of this result is that analyzing growth of new ventures requires a more explicit consideration of investment and its drivers. One of the biggest challenges for future research will be the lack of availability of relevant data. Especially the distinction of replacement and extension investing will be needed for deeper insights into the drivers of early business development.

These findings are of practical relevance for consulting and management of new ventures. With our findings, we hope to contribute to a clearer view on the link between investment and development in order to optimize decision criteria and early business performance.

## Exploring the Recognition of Talents; identifying the Prototype

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### **Keywords:**

Entrepreneurship education, Talent, Prototyping, Cognitive-psychology

## **Exploring the Recognition of Talents; identifying the Prototype.**

### **Aim of the Paper**

This paper aims to contribute to shed light on the talent recognition process. In entrepreneurship education students are encouraged to develop their unique strong point, named as talents. Around the globe, universities and high schools provide students with programs for talent development and exploitation. Practitioners and educators complain on a regular basis that students rarely aware of what their talents are. It is experienced as difficult to identify them. In congruence with the entrepreneurial process of Shane and Venkataraman (2001) this paper explores the possibility for mechanisms to identify, or recognize, a talent.

### **Background Literature**

Entrepreneurship can be seen as a process, consisting of three steps; Opportunity recognition, opportunity preparation and opportunity exploitation (Shane & Venkataramen, 2001). In the last decade, many scholars tried to decompose the individual steps of the entrepreneurial process. In the cognition theories, it is about the perception of the observer, were "something" out there is to be noticed. This so called object or pattern recognition (Matlin, 2002). Baron (2004) explored several analyses models as feature-analysis and recognition-by-components model (Biederman, 1995). He concluded that the prototype models were the most accepted and suitable for more complex patterns and objects as business opportunity (Baron, 2004, p228). A cognitive-psychological prototype is based on, and to present, the mode or most frequently experienced combination of attributes associated with an object or pattern (Solso, 1999). Baron and Ensley (2006) identified the prototypical dimensions of a business opportunity. They made use of the cognitive psychological approach of the prototype phenomena. Congruent with a business opportunity, a talent can be seen as a combination of attributes which can be associated with objects or patterns. John Feldhusen describes a talent as 'spending hours of time deeply engaged in an activity' (Feldhusen 2001b, p65).

For many years talent was studied in the field of 'gifted education' (e.g. Frasier & Passow, 1994, Feldhusen 1995). It was an intelligence approach where talents were measured in IQ-based scores (Feldhusen, 2001 a). From the mid-nineties a shift in paradigm started whereas talent no longer was the domain of the gifted children and adults (Treffinger & Feldhusen, 1996). Moreover talent was seen as aptitudes and the diagnostic approach to ability (Sternberg 1991). Sternberg proposed three categories of components of intelligence. Gagne (1993) developed a model for talent development based on a underlying set of aptitudes. Nevertheless talents were mainly identified with scales and checklists as Renzulli's 'ten scales for rating the behavioural characteristics of superior students (Renzulli et al, 1997). Later, auditions (e.g. in performing arts) and portfolio's (e.g. graphic art) were used.

### **Methodology**

The current qualitative explorative study pursued the identification of the cognitive-psychological prototype of a talent. Therefor the methodology of cognitive psychology is used (Solse, 1999, Bartel & Wiesenfeld, 2013). In the first step a collection of attributes and patters were identified. From semi-structured interviews with talent-coaches, venture capitalists and mentors of gifted students, a long list was collected. In a range of mixed peer groups of the former mentioned professionals, the long list was reduced to a set of 7 attributes and patterns. In structured interviews with gifted students, young professional sportsmen (national champions) and successful nascent entrepreneurs, the set of 7 attributes and patterns was ranked. Not listed, new mentioned attributes and patterns were reported separately. The set of 7 was reduced to the number of 3. Next, two random groups of students were asked to prepare an Individual Development Plan (IDP), where one of the elements was to identify your talents. One group was formerly instructed with the prototype of a talent, the other group was not. After handing-in the IDP, students were asked how difficult it was to identify their talents and if they were confident with the outcome. This last experiment was held three times.

## **Results and Implications**

Although a long list of patterns and attributes from the semi-structured interviews emerged, there was a high level of propinquity among the peer-group discussions. The structured interviews showed some more diversity in coherence. The number of interviews was too small for statistical analyses. In the coming period, more interviews will be conducted and in the final paper this will be presented. The results of the IDP-exercise show a clear positive effect on the difficulty and confidence. Partly this can be explained by general motivational aspects where any instruction for a task is experienced as positive. On the other hand, a methodology seems to be presented that can contribute to a better recognition of a talent. The results show not a clear evidence that the attributes and patterns identified, are indeed talents. Therefore the identified 'talents' must be verified in the students original context. Feldhusen (2001b) indicates that near family as grandparents, uncles and cousins can provide a good insight of one's talent, as it is a long term process.

# Success Factors of Rich-to-poor Diaspora Entrepreneurship: A Theoretical Perspective

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## **Keywords:**

Diaspora Entrepreneurship; Diaspora Networks; Cultural Intelligence Theory; Learning.

**Track Title:** Minority

## **Aim of the paper**

This paper makes a first attempt to conceptualize the success factors of entrepreneurial activities by diasporans originated from developed countries in emerging or developing countries by focusing on an individual's cultural intelligence and learning ability. Despite the growing research interest in the phenomena of diaspora entrepreneurship in the recent years, previous researchers have solely focused on diasporans whose country of origin is an emerging or developing one. This type of diaspora entrepreneurship has been regarded as necessity entrepreneurship, an outcome of the lack of financial and economic alternatives in their home countries (Cohen, 1997). Evidence from business practice, however, suggests that there are also people from developed economies in which an attractive employment market is given and higher levels of living standard are realized, courageously leaving their home country to an economically less developed country for founding a new business. E.g., Elo (2013) reported a case of German entrepreneurs in her narrative study about entrepreneurs from various nations in Uzbekistan. Horiuchi (2010) researched Japanese entrepreneurs in China in his ethnographic study. To date, this type of entrepreneurial activities has been overlooked by previous diaspora research. This paper attempts to clarify the difference between poor-to-rich and rich-to-poor type of diaspora entrepreneurship and to reveal the success mechanisms of rich-to-poor diaspora entrepreneurship through illumination by cultural intelligence theory and learning approaches (Earley & Mosakowski, 2004; Eden, 1992).

## **Background literature**

Who is a diasporan? Diasporans are migrants and their descendants who maintain a relationship to their country of origin (COO) (Safran, 1991). The number of diasporans worldwide is increasing, as the communication and transportation technology has rapidly developed in the last decades and it has become easier for them to maintain the relationship to their home country, even though they live for a long period in a foreign country. Diaspora entrepreneurship (DE) comprises the entrepreneurial activities which are carried out in a transnational context and initiated by actors who are embedded in at least two different socio-cultural and economic arenas (Drori, Honig, & Wright, 2009). Despite of high degrees of heterogeneity of diasporans, previous researchers have predominantly focused on the economic and entrepreneurial activities initiated by diasporans from developing or emerging economies who move to richer countries seeking for a higher quality of life or better business opportunities. There is, however, another type of persons who originate from developed economies and give up their career opportunities in their COO to start their business in a developing or emerging economy. This variant of rich-to-poor DE is still largely ignored in previous research. Why do these people voluntarily leave their COO in face of uncertain conditions in the targeted the country of destination (COD)? What are the enabling factors of successfully implementing this sort of entrepreneurship in terms of corporate survival? This paper responds to these research questions.

## Methodology

As research on rich-to-poor DE is silent and the factors of successfully running these businesses are largely unknown, we can build on prior research on successfully implementing new ventures as well as research on migration entrepreneurship or poor-to-rich DE, respectively. For developing a first understanding of the particular profile of rich-to-poor DE and the drivers of corporate survival of this type of new ventures we employ a theoretical lens. This lens is informed by theories of learning and cultural intelligence (Eden, 1992; Earley & Mosakowski, 2004). Knowledge-based theories are chosen for they relate available knowledge of individuals, groups and/or companies to outcome measures (e.g. corporate survival) whereas cultural intelligence theory (Earley & Ang, 2003) and learning theories (Antal & Friedman, 2003;2005) illuminate the application of knowledge and resources of rich-to-poor DE. We derive first research propositions on the factors which influence corporate survival.

## Theoretical Framework

While various perspectives influencing DE, recent research has illuminated the significance of networks in entrepreneurial constellations of diasporans. The network diasporans organize or utilize is threefold: host, home, and the commonly called 'diaspora network' (Kuznetsov,2006). Recent researchers have focused on this diaspora network as a unique entrepreneurial resource of diasporans and a possible success factor (Kuznetsov, 2005, Saxenian, 2000). However, these networks belong solely to the poor-to-rich type of diasporans such as Indian and Chinese diaspora networks in Silicon Valley (Saxenian, 2000). Actually there is no evidence, whether diaspora networks are relevant to entrepreneurial activities of rich-to-poor diasporans as well. Whether these diaspora networks are crucial in this case is questionable for mainly three reasons. First, the total number of diasporans from developed countries is smaller, since they experience generally no financial pressure to leave their country – compared to diasporans from developing or emerging economies. Therefore, the intensity as well as the significance of diaspora networks is not comparable to that of Chinese or Indian ones. Second, rich-to-poor diaspora entrepreneurs are often aware of different ways how to develop a new business based on similar solutions in different settings. Insofar, they have often more resources and competences available compared to poor-to-rich DE. Third, a large portion of the population in developed economies has a rather cosmopolitan lifestyle where the role of tradition and religion is not of great significance. In such cases diaspora networks, which require intensive contributions of members and where shared uniqueness of cultural values and norms compared to these of the COD is essential, do not have the comparable significance to them. Therefore, it seems possible to assume that rich-to-poor DE does not rest so much on the network factors by contrast with poor-to-rich ones.

Which factors can influence the success of rich-to-poor DE? This paper attempts to conceptualize the success factors of this kind of ventures in the light of cultural intelligence ('CQ') theory (Van Dyne, Ang, & Livermore, 2010, Earley & Mosakowski, 2004) in connection with learning theory. CQ addresses one's intellectual capabilities with focus on intercultural capacities of people. CQ is defined as an individual's capability to effectively deal with situations characterized by cultural diversity (Earley & Ang, 2003). This can include national, ethnic, organizational and other types of culture.

CQ is highly related to interaction in business environments. Starting DE is realized through communication and negotiations with various related actors such as cooperation partners, employees, or co-founders in culturally demanding setting. Antal & Friedman (2003) discussed that individuals with higher intercultural skills possess an ample repertoire from which various action strategies dealing with situations are conducted and can realize more effective interaction. Diasporans are required to have a high degree of open-mindedness to foreign culture in order to absorb culture-specific knowledge that helps understanding (parts of) the culture of COD fundamentally. In other words, they increase their intercultural absorptive capacity through the integration process. It entails the confrontation of cultural conflicts, overcoming the constraints embedded in an individual's culturally shaped repertoire, creation of new responses and thereby expansion of the repertoire of potential interpretations and behaviors available in future intercultural interactions. Facing the necessity of integration, it can be assumed that diasporans develop their CQ through the cultural open-mindedness as well as intercultural absorptive capacity, which realizes later effective business interactions.

Diasporans are those who achieve a degree of embeddedness in social institutions of his/her origin and home societies (Drori, Honig, & Wright, 2009). Their double interconnectedness in two different 'worlds' provides them, consciously or not, with a richer cultural background that allows 'cognitive diversity'. Based on socio-cultural and business knowledge of the COO and the COD they are to some extent animated to build 'mental bridges' by connections. This generates additional variety relevant to new venture development that is different from local initiatives. Over time, this cognitive diversity is to a large extent preserved for being in touch with both the COO and the COD. This prevents losing the context of the COO so that the cognitive diversity can be a driver of new

business impulses also in later points in time – and quite often even in an inter-generational context when children of founders are still aware of this cognitive diversity. Rich-to-poor DE can be stimulated by new developments in the COO that often runs ahead of the development in the COD. These issues seem to make a difference from what we know in case of poor-to-rich DE.

## **Results and Implications**

Our study contributes to diaspora, opportunity and intercultural interaction theories. It discusses theory development, related concepts, extant research and current assumption. Based on our review we develop and propose a conceptual model that explicates the role of double interconnectedness of diaspora entrepreneurs for unique opportunity recognition, effective communication and negotiation.

We argue that diasporans are different, more culturally capable, from monocultural entrepreneurs as they are exposed to double interconnectedness. They have learning benefits from their COO and COD which create idiosyncratic diaspora capabilities: i) by learning new cultures they are able to expand their repertoire of action strategy dealing with various situations and therefore to perform more effectively in communication and negotiation; ii) by their double cultural embeddedness, they perceive, know and understand market situations of both countries better, especially rich-to-poor diasporans may benefit from advanced alertness developed in their COO representing heterogeneous and saturated markets. Therefore we propose that, first, a diasporan entrepreneur has a higher ability to perceive opportunities in comparison to a mono-cultural entrepreneur, second, a diasporan entrepreneur benefits from possessing a more advanced repertoire of action in interaction situations than monocultural entrepreneurs, third, rich-to-poor DE benefit more from positive effects inherent in double interconnectedness than poor-to-rich DE when the rich-to-poor DE is a highly skilled diasporan, and that, fourth, these diaspora capabilities are cognitive, learning generated abilities that are more relevant to first and second generation diasporans than to third generation diasporans, thus the facilitating effect diminishes as the meaning of double interconnectedness decreases.

# **Entrepreneurial Leadership: A Systematic Literature Review**

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**Keywords:** entrepreneurial leadership, systematic literature review, entrepreneurship, leadership,  
developing economy, retail pharmacy.

## **Abstract**

### **Track Title**

Different Contexts

### **Paper Title**

Entrepreneurial Leadership: A Systematic Literature Review

### **Aim of the Paper**

This paper offers a comprehensive review of the literature relating to entrepreneurial leadership from the perspective of the retail pharmacy sector of a developing economy via the use of a systematic literature review (SLR). A systematic literature review is an acknowledged method for producing reliable knowledge from an evidence based approach. The SLR approach used in this paper is in three stages and is thoroughly explained. The purpose of this paper is to explore systematically, literature on entrepreneurial leadership from the retail pharmacy perspective of a developing economy. The article will provide a map of the current state of research in the field and where more empirical studies are required. The article concludes by providing the results and recommendations for future research.

### **Background Literature**

There has been a vast body of research in the fields of entrepreneurship and leadership that has spanned the decades. But despite such research in both domains, entrepreneurship and leadership still remain an elusive concept. There have been considerable overlaps and parallels between entrepreneurship and leadership both historically and conceptually (Cogliser and Brigham, 2004) and some researchers even view entrepreneurship as leadership within a narrow context (Vecchio, 2003). As a result of such parallels a new paradigm evolved known as "Entrepreneurial leadership".

In this age of globalisation and with the growing importance of small and medium enterprises, there is a need for business owners to use the most effective leadership style. The challenges faced by entrepreneurs and the increase in the number of companies that fail has led to the adoption of sound leadership practises as just not an option but a necessity for organisational success.

Businesses today are plagued with complexity and turbulence. Therefore, entrepreneurial leadership has been proposed as vital for entrepreneurs to maintain their competitiveness in this dynamic environment (Fernald et al. 2005). Research has shown that entrepreneurial leadership is positively related to business performance (Van Zyl and Mathur-Helm, 2007). As a result of the recognition of the value of this new form of leadership in enhancing organisational performance, interest in entrepreneurial leadership has increased among scholars. This is seen with the plethora of definitions that have emanated from academics defining entrepreneurial leadership. Entrepreneurial leadership has been defined as a type of leadership that creates visionary scenarios that are used to assemble and mobilise a "supporting cast" of participants who become committed by the vision to the discovery and exploitation of strategic value creation (Gupta et al., 2004, p. 242). Greenberg et al., (2013), argues that it is a leadership style that is used "...to solve complex business, social, and environmental problems" (p. 57). But even with the remarkable number of definitions, progress in this new field has been hindered by lack of conceptual development and the absence of adequate tools to measure leader's entrepreneurial characteristics and behaviours (Renko et al., 2012b).

However, over the past two decades, there has been body of literature both empirically and conceptually on entrepreneurial leadership, (Cogliser and Brigham, 2004; Fernald et al., 2005 etc.), but none have addressed the nexus of leadership and entrepreneurship (Cogliser and Brigham, 2004) from the retail pharmacy sector of a developing economy. Only a limited number of such studies have emanated from developing countries (Hejazi et al., 2012; Chen, 2007) but these studies did not investigate entrepreneurial leadership from a dual perspective of the leader and their followers. The domain of entrepreneurial leadership is lacking conceptually and empirically especially from the international perspective. Indeed to the best of the researcher's knowledge there has been no study in the retail pharmacy sector of a sub-Saharan African country concerning entrepreneurial leadership. Furthermore no study has addressed entrepreneurial leadership in the retail pharmacy sector which is turbulent and dynamic in the context of a developing economy namely Nigeria.

## Methodology

The literature review process is a key tool in management research and any form of academic enquiry. The aim of conducting a literature review is to enable the “researcher both to map and assess the existing intellectual territory and to specify a research question to develop the existing body of knowledge further” (Tranfield, Denyer and Smart, 2003, p. 208). However, most management reviews have followed the narrative approach. Not surprisingly, such approach has been criticised and condemned for lacking criticality (Denyer and Tranfield, 2009; Tranfield et al., 2003) and a systematic approach to the review of literature proposed.

The systematic literature review adopts a replicable, transparent and scientific process (Tranfield et al., 2003) and in this sense differs from a traditional narrative review. Management research is peculiar and different from medical sciences where this approach first arose. According to Denyer and Tranfield, (2009), systematic reviews in management studies are expected to be transparent, inclusive, explanatory and heuristic in nature. In this study, the SLR methodology developed by Tranfield et al. (2003) which is a three stage process is adopted.

## Results and Implications

The systematic literature review has shown that entrepreneurial leadership in general is a new area and as is so often the case, research appears to be lagging behind with limited knowledge on the theoretical and conceptual basis. Current research suggests that entrepreneurial leadership is important in economic development. However, few research has investigated the impact of entrepreneurial leadership in a developing economy (Khayesi and Antonakis, 2012; Agus and Hassan, 2010 etc.). A developing economy presents a unique context. Entrepreneurs in countries with different levels of GDP per capital faces different challenges, as a result policies and conditions favourable to entrepreneurship in one country (or region) may not be effective or favourable in another (Acs, 2006).

Findings showed that entrepreneurial leadership attributes have been identified by various literatures. However, mixed findings were observed about the relevance, priorities or inclusions of many such attributes. It is clear from the review that more research is required to authenticate the different assumptions by researchers. In addition, from the review it was recognised that there was no literature that examined the entrepreneurial leadership attributes of the retail pharmacy entrepreneurs; hence there appears to be a gap to be filled by examining this sector.

Despite the recognition of the critical role that leadership competencies of entrepreneurs play in enhancing individual, group and new venture performance and success and their significant influence in dealing with highly turbulent and competitive environment of current organisations (Bagheri et al., 2011). It is interesting to note that little work focused on developing this entrepreneurial leadership attributes. Rather most literature focused on the development of entrepreneurial leadership in university students (Bagheri et al. 2012 etc.)

The review has highlighted questions that would benefit from future research. For example, how can entrepreneurial leadership attributes be developed? In addition, are all the entrepreneurial attributes proposed by researchers important in every context? As a result, future work is needed to develop a definitive model of entrepreneurial leadership.

It is clear from the literature that there is a need for greater examination of entrepreneurial leadership. A good way to start may be by modelling entrepreneurial leadership in the context of the retail pharmacy sector in a developing economy namely, Nigeria. This will be useful in identifying the entrepreneurial leadership attributes important to be effective in this context. It will also serve as a means of authenticating various assumptions about entrepreneurial leadership attributes put forward by researchers.

The findings support the conclusion that entrepreneurial leadership is important in enhancing organisational performance especially in turbulent and competitive environments. However, what is unclear is the extent to which entrepreneurial leadership attributes identified are relevant in particular contexts. The findings also identify a lack of consensus on the theoretical and conceptual basis of entrepreneurial leadership. Drawing on this literature review, gaps and recommendations for future research in the retail pharmacy sector of a developing economy particularly, Nigeria is proposed.

**Abstract, ICSB 2014**  
**Track Title: Policy track**

**Paper title:**

**PUSHING THE FRONTIERS OF EVALUATION: GOING FROM LESSONS LEARNED TO REAL EVIDENCE**

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**Keywords:** Access to finance, policy evaluation, venture capital, impact evaluation, small and medium-sized enterprises, evaluation methodology

### **Aim of the Paper**

The last decade has seen a surge in policies supporting the financing of entrepreneurs, small and medium sized enterprises. The use of these policies has been motivated by a perceived considerable number of firms, in particular young and innovative firms, unable to access seed and early stage finance needed to realize their business plans. Of these, it is argued that some may very well be able to succeed and provide value to the society, if only they would be able to access financing.

So far, the evaluations of these policies have been of primarily qualitative nature, and policy specificities together with limited data availability have rendered high-quality impact evaluations impossible. Despite the lack of evaluation evidence, more and more policies of this kind have been launched throughout the world.

This paper presents a new Swedish research project, which aims to couple a complete high-quality dataset with a multi-method approach to produce useful evidence for this policy field. By developing a more comprehensive and tailored analytical approach to evaluate measures within this growing policy field, this paper will contribute to more informed policymaking as well as provide a basis for further evaluative work.

### **Background Literature**

The paper presents some key literature on the underlying intervention logic behind some of the most commonly found governmental access to finance policies (such as The World Bank, 2007).

Some previous studies of governmental access to finance policies are then discussed. Examples that are covered include evaluations of Finnish Industry Investment Funds (Maula & Murray, 2003), loan guarantee schemes in the UK (Cowling 2010) and European Member State SME financing policies (Centre for Strategy & Evaluation Services, 2012). The review of these papers shows that much of the previous body of evidence is based on qualitative assessments, mainly self-reported benefits of recipients of governmental finance.

This is followed by a brief summary of relevant methodological literature. There are many general challenges in determining causal effects from interventions when only observational data is available, and many important confounders are unobservable (Pearl, 2009). Various common methods to overcome some of the challenges include Propensity Score Matching (Rosenbaum and Rubin, 1983) which is many times implemented with nearest neighbor matching or kernel matching (Stuart, 2010, Basu et al., 2011). Other methods include Difference-in-Differences, also often used in combination with other approaches (Imbens & Wooldridge 2009). These together with a few other common methods are discussed, with a particular focus at their shortcomings when applied to access to finance policies.

### **Methodology**

Using traditional impact evaluation methodologies to evaluate access to finance policies is challenging, because many of the assumptions underlying these methods are not fulfilled. Applying methods without consideration of whether the underlying assumptions are fulfilled may ultimately lead to incorrect conclusions and inefficient possibly detrimental policy decisions. In the current situation when policies are being launched without much evidence with regards to the effectiveness and efficiency of these – the need for better evaluations is great.

This project therefore pools together several methods to achieve robust estimates of the impact variables studied. In addition to elaborated versions of common evaluation methods such as Difference-in-Differences and Propensity Score Matching, new methods developed in the research fields of statistical learning and machine learning are applied. Particular consideration will be given to methods that are able to cope with policy impacts that are distributed highly heterogeneously.

The project is based on a new set of data, consisting of records covering all external investments in Swedish firms since 2004 – which totals to more than 50 000 financing rounds. This data is subsequently linked to databases with longitudinal data for all Swedish firms and individuals. Out of the investments, governmentally funded investments are identified for impact evaluation.

### **Results and Implications**

This study will result in new evidence of the impacts of access to finance policies, enabling a more informed decision making process for policymakers and practitioners. There should be many ways of tuning these policies to improve their impacts, which are yet to be discovered through this type of evaluation. This study will primarily generate knowledge on long-term economic growth impacts of the policies, but will also make it possible to evaluate systemic effects such as crowding-in of private investors.

It is our hope that this project can inspire similar work in other countries, to further develop the knowledge in this area. With the growth in this field of policy, there are many measures in need of evaluation throughout the world.

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## **Stages of Networking and Collaboration**

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Keywords: Small farm firms, collaboration, network, marketing, distribution

## Small Business Management

### Stages of networking and collaboration

#### Aim of the paper

This paper focus on small food producing companies. These small food producing companies have to handle different functions in the company. Food producing companies rooted in agriculture production are familiar with cooperatives, who act as the farmers extend arm to the market. These ideas underpin small food producing companies' attempts to network and collaborate to solve common functions. The small food companies are advised to network and collaborate, but there seems to be some obstacles to find good models and to be successful.

#### Background Literature

George et al. (2001) argue that appropriate networks might keep businesses updated on product development, new technology, consumer trends and market development. Earlier work has found that consolidation and fostering of social networks are important to the success and wellbeing of farm businesses (Meert et al., 2005), However, these may not be sufficient to farmers that engage in new ventures. A study by Grande (2011) suggests that building appropriate networks, strategic alliances and market orientation are of critical importance to optimize benefits from on-farm diversification.

Studies have identified distribution as a key challenge for local food manufacturers when ensuring market access and competitiveness (Henchion & McIntyre 2005; Magnus and Kvam 2008, Grande 2011). The distribution is often inefficient and fragmented because individual manufacturers distribute goods using their own cars or trucks and often half the vehicle capacity untapped (Boson & Gebresenbet 2011). Furthermore, Magnus and Kvam (2008) find that many people prefer to distribute the goods themselves. This seems also to be the situation among several of the cases investigated in this study. There appears to be a lack of good intermediaries such as transporters and wholesalers who can provide support to producers of alternative food products. This is also pointed out in an earlier study by Ilbery et al. (2004). Thus the challenge of distribution seem to persist and difficult to solve.

#### Methodology

This study was undertaken as part of the LogiMat-project which has the overall aim to "To develop and demonstrate knowledge, methodologies and solutions, and to build a competence network on logistics for food specialties". Mid Norway was selected as study area since it perceived to have a large potential for rural commercial development, value creation and business opportunities for farmers related to food specialties. Farm food producers in this area has also been involved in different types of networks, some have succeeded whereas others struggle. This area holds many farms and firms which are suitable as study objects. A qualitative case study approach was used to explore market strategies and related networking and collaboration processes. Seven cases were selected based on 1) relevance and transferability, 2) in total to represent a variety of logistic solutions, sales channels and markets, 3) interest and motivation of owner/manager. Farm firm actions, decisions and thoughts related to network and collaboration were explored through seminars, firm visits and interviews. Actors throughout the value chains were also interviewed, that is local food firms, food distributors, hotels, restaurants and retailers. Data were gathered in spring 2013 through farm visits and interviews. A semi-structured guide was used for the interviews. For each interview 2-3 researchers were present to represent in order to ask and interpret questions related to the different fields of logistics, producer strategies and networks. Notes were written down and recorded, and after each interview a summary was written and checked with the case representatives.

#### Results and Implication

In the study of the networks and collaborating firms we find both successful networks and networks who are struggling to find a good model for collaboration. Producers network seem to be a good solution for some, but seem however to be difficult to organize and develop in other places. Such

networks need devoted members and put high demands on development of strategy and goal. There is still unclear whether they are economic sustainable. Engagement in such networks makes the firms distribution cost more visible. The producer may not be fully aware of costs attached to own distribution since they often don't pay them directly.

Some of the networks have struggled in many years to figure out how to develop a sustainable collaboration. We find that the different networks cover different functions. This may explain why some succeed and others struggle. Networks solving different functions for their members can be categorized in the collaboration staircase, a model developed to clarify what functions to collaborate about and what is required from the members. We found that the members often had different needs and expectations to the collaboration. The collaboration staircase shows that moving one step up requires more from the members and the members are often unaware of these requirements. These findings will help advisors and small food producing companies to be more aware of what functions to collaborate about and what is requires from the members. Without clarifying these essential questions the networks will struggle to find a good model for solving common functions in collaboration.

Nevertheless, it seems difficult to change the market power of the conventional food chains and conventional food system. Thus farm entrepreneurs need to adapt to and find solutions within that system. This means that professional knowledge and skills of these systems are important. Cooperation through effective producer network is also likely to be important as a supplement to existing system. Need skills on how to develop such networks.

Proposal of a Paper for the  
2014 International Council for Small Business World Conference  
*“Entrepreneurship and Sustainability”*

Track:  
“Internationalisation”

**How do opportunity orientation and willingness to take risks  
influence the international scope of SMEs?**

Christian Hauser\*, Jens Hogenacker<sup>Δ</sup>, Ralph Lehmann<sup>‡</sup>

**Keywords:** Small and Medium-sized Enterprises (SMEs), Internationalisation, Export scope, Opportunity orientation, Willingness to take risks

**JEL Classification:** L14, L25, L26, M16

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Proposal of a Paper for the  
2014 International Council for Small Business World Conference  
*“Entrepreneurship and Sustainability”*

Sub-Theme:  
“Internationalisation”

**How do opportunity orientation and willingness to take risks  
influence the international scope of SMEs?**

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**Aim of the Paper**

The internationalisation of firms has much in common with entrepreneurship. At their core, both the creation of a new business and the entry into and development of new foreign markets are characterised by high degrees of uncertainty and typically occur under imperfect information. Thus, it is argued that the successful launch of a new firm and a successful internationalisation are largely dependent upon the alertness-to-opportunity and the willingness to take risks. Actors are opportunity-oriented if they look at a given situation and perceive new possibilities for profitable business that others fail to recognise. The willingness to take risks denotes the willingness to make investments in projects that have uncertain outcomes (Lumpkin and Dess 1996).

The entry into and development of new foreign markets are linked with both opportunities and risks. On the one hand, a broad geographic diversification allows firms to benefit from growth impulses in as many countries as possible. On the other hand, firms that enter and develop new foreign markets incur additional risks. According to the literature, these risks result from cultural and language differences, economic and political regulations, and higher information and communication costs due to the geographical distance between a firm’s home base and the host countries.

Based on a sample of 369 internationally active Swiss firms we investigate the link between a firm’s opportunity orientation and willingness to take risks and its international activities in emerging markets.

**Background Literature**

The growing literature on international entrepreneurship focuses on the actors who recognise and exploit international opportunities. Internationalisation outcomes typically observed in the literature include the degree, scope and speed of internationalisation (Covin and Miller 2013). Until now, entrepreneurial orientation is the most well-established empirical instrument for measuring a firm’s degree of entrepreneurship. Miller (1983) suggested that firms’ entrepreneurial orientation could be seen as the extent to which they take risks, innovate and act proactively. Although the scale was originally designed to tap the three conceptually distinct dimensions, innovation, proactiveness and risk-taking, the entrepreneurial orientation scale is often used as one summed index (Brown et al. 2001). Scholars criticise that the entrepreneurship orientation construct does not fully capture the

essence of the phenomenon because it does not directly address to what extent firms are alert to opportunities.

Another widely accepted approach to international entrepreneurship is the one based on the seminal work of Stevenson and his co-authors (Zahra 2005). They conceptualise entrepreneurship as an opportunity-based firm behaviour. Based on their considerations Brown et al. (2001) suggest that alertness-to-opportunity characterises the entrepreneurial process and is common to firms that engage in new entry. And, Dimitratos et al. (2012) acknowledge that opportunity orientation lies at the heart of both domestic and international entrepreneurship. Thus, Covin & Miller (2013) call for research that explores the relationship between the opportunity orientation of a firm and its internationalisation. They encourage researchers to develop measures that capture the extent to which businesses act opportunity-oriented. In the proposed paper, we present evidence for the statistical link between firms' opportunity orientation and willingness to take risks, and a range of outcomes indicating the strategic focus of their foreign market activities.

### **Methodology, Results and Implications**

The data of our analysis were generated out of a gross sample of internationally active Swiss companies. The empirical study was carried out by means of a web survey in January and February 2013. Based on regression analyses (negative binomial regressions and logit regressions), we explored the relationship between opportunity orientation, risk taking disposition and export activity using data of 369 firms. To this end, we analysed whether foreign market choices of firms vary with different levels of opportunity orientation and risk taking disposition. As well as looking at a measure for export scope (i.e. total number of foreign market regions the firm is active on), we also considered the probability of being active on non-traditional foreign markets, and BRICS markets. We found suggestive evidence for a positive statistical link between rather high opportunity orientation and export scope, but no significant effect for risk taking disposition. However, if we let the coefficient of opportunity orientation vary over different levels of risk disposition, we find that the established positive and significant link with regard to rather high opportunity orientation is highest among firms that simultaneously exhibit a rather neutral attitude towards risk taking disposition. Moreover, we find the same empirical pattern with regard to the probability of the firm being active on non-traditional foreign markets. However, the empirical pattern is less obvious when looking at the probability of whether or not the firm chooses a non-traditional market as its strategically most important foreign market. Whereas high opportunity orientation again is positively and significantly correlated with the propensity of choose a non-traditional market as the strategically most important foreign market, the level of risk taking disposition among the firms with high opportunity orientation seems to be irrelevant for the propensity of choosing a non-traditional market as the strategically most important foreign market.

Our research proposes that opportunity orientation rather than risk taking disposition of exporting firms is an important predictor of foreign market activity. Further research should therefore especially thrive towards creating reliable and valid measures capturing opportunity orientation.

# Entrepreneurship Policy and Entrepreneurial Renewal across Countries

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**Keywords:** entrepreneurship policy, entrepreneurial renewal, innovation-driven economies

**Track title:** Policy

## **Entrepreneurship Policy and Entrepreneurial Renewal across Countries**

### **Aim of the Paper:**

The paper focuses on analyzing the relationships between governmental policies and entrepreneurial renewal across innovation-driven countries. The particular aim of the paper is to investigate how the governmental policies aimed at enhancing the entrepreneurial activity influence the renewal of entrepreneurial population across countries, and whether the specific governmental policies have effect on the type of renewal taking place across countries.

### **Background Literature:**

Even in innovation-driven economies entrepreneurial policies by governments have important role through taxation, support and other types of generic and specific mechanisms that play role in the economic renewal of the country (e.g. OECD, 2010; Lewie & Autio, 2008). Governments try to level the playing field and decrease the disadvantages of being small or in the early phases of organizational development. Entrepreneurship policies may address the information imperfections in the market, such as the presence of externalities and spill-overs (Audretsch, 2002). More importantly though, when addressing the renewal of the entrepreneurial capacity of the country, the policies offer support or create barriers for productivity and competitiveness. Our focus is on entrepreneurship policies evaluated by experts that focus on general conditions for entrepreneurship in the country and more specifically target the early-stage firm survival and growth.

We assume that the government policies are connected with the entrepreneurial dynamics and the renewal of entrepreneurship population in a country, and thus, our work creates an approach that merits further study. Our study suggests that when government policies are specified to support entrepreneurship instead of offering general support for SMEs, the renewal of entrepreneurial population benefits from this. First, various approaches on entrepreneurship policy suggest that high levels of detailed emphasis can have beneficial effects for the entrepreneurs and, consequently, positively influence individuals' engagement in entrepreneurship. Following this, we distinguish three dimensions of government and their effects:

*H1: The recognition of entrepreneurship in government policies is positively associated with renewal of entrepreneurial population.*

*H2: The offering of supportive taxes and regulations is positively associated with renewal of entrepreneurial population*

*H3: The provision of entrepreneurship detailed programs is positively associated with renewal of entrepreneurial population*

### **Methodology**

Our sample is created using five datasets. The National Expert Survey and Adult Population Survey Data from the Global Entrepreneurship Monitor (GEM) form the backbone of our sample. The time frame for our sample is 2002–2011 which represents the intersection of these two datasets. Our data for control variables are drawn from three additional data sources: Human Rights Data, World Bank Development Indicators, and Heritage Foundation Index of Economic Freedom. Our final sample comprises an unbalanced cross-country panel covering 26 innovation-driven countries with 155 country-level observations.

Our dependent variable is entrepreneurial renewal. We define this as the ratio of early-stage entrepreneurial activity over the established business ownership. Both values are from the GEM's Adult Population Survey. Early-stage entrepreneurial activity is defined as the percentage of the adult population that is currently actively involved in starting up or running a business no older than three and half years. The established business owners are defined as individuals who own and manage a business more than 3.5 years old.

We use three variables to capture the perception of entrepreneurship policies' success in supporting and enhancing entrepreneurship in a country. The measures are taken from the GEM's National Expert Survey dataset, which covers the views of experts on a wide range of items, each of which was designed to capture a different dimension of a specific entrepreneurship framework conditions. These variables reflect the extent to which government's policies support entrepreneurship. (1) We measure the perception of how entrepreneurship is seen as a relevant economic issue in government policies, (2) we measure the perception of how taxes and regulations are either size-neutral or directly encourage new and small enterprises. (3) We measure the experts' perceptions on the presence and quality of programs directly assisting new and growing

businesses at all levels of government (national, regional, municipal). A higher value of each variable indicates more entrepreneurially opportune government policies.

We control for variance in economic growth, economic development, and labor participation rate using data from the World Bank Development Indicators. The between-country variance in economic growth was controlled for by using the log of gross domestic product per capita and the annual growth of gross domestic product. Furthermore, our analyses were adjusted for the potential variance in entrepreneurial motivations. These were measured by the population-level perception of skills and opportunities necessary to start a business and by the perceived fear of failure which might inhibit the engagement in entrepreneurship. All of them are retrieved from the GEM Adult Population Survey dataset. Moreover, the analyses were adjusted for the stage of labor markets (Thurik et al., 2008) by using labor participation rate, defined as the share of the population that is economically active. We also control our analyses for the level of the self-determination and personal freedom by using the empowerment rights index of the Human Rights Project. This indicates the respect that governments have for individuals' rights in a country.

We tested our hypotheses with a series of random-effects linear regression models with unbalanced panel data. To ensure that multicollinearity was not an issue, we ran pooled OLS test for multicollinearity. For our models, all variance inflation factor (VIF) values are below critical values (Hair et al, 2010). To validate our empirical approach we ran the Hausman test, concluding from the results of that test that a random-effect specification would produce more efficient estimation ( $\chi^2(11)=9.96, p>.05$ ). All of our models are reported using random effects specification.

## **Results and Implications**

Our results suggest that the government policies in general are not enough to enhance the renewal of the entrepreneurial population in a country. The findings on innovation-driven economies suggest that general government policies which solely consider entrepreneurship as a relevant economic issue does not support the renewal of entrepreneurship population. On the contrary, this kind of reckon with entrepreneurship seems to have a negative influence on the renewal of entrepreneurial population. Thus, our hypothesis H1 is not supported. Conceptually, the other side of the same coin, detailed government programs aimed at supporting the launching and development of new and growing business seem to have more of an effect on the entrepreneurial renewal. Our results show that the government programs focusing on entrepreneurial businesses enhance the renewal of entrepreneurial population. This supports our hypothesis H3. Finally, our results show the influence of taxes and regulations through which governments may try influence entrepreneurship is not affecting entrepreneurial renewal among innovation-driven countries. Accordingly, our hypothesis H2 is not supported.

In conclusion our study contributes to research on entrepreneurship policy by viewing how the specific and more detailed government programs may support entrepreneurial behavior better that policies providing general support for entrepreneurship. In addition, our findings suggest that the "easiest" solution of adjusting the regulatory institutional framework might not support entrepreneurial renewal. Practical implications are linked to guiding government to put effort in detailed programs. In addition to the efficiency of these programs, this requires that the agencies providing the support should be competent and effective, for instance.

# Is Religion Associated with Entrepreneurial Activity?

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Keywords: entrepreneurial activity, religion, culture

## Abstract

**Track title:** Different Contexts

**Paper Title:** Is Religion Associated with Entrepreneurial Activity?

**Aim:** This paper aims to provide a quantitative investigation of the strength of a potential relationship between entrepreneurial activity and the potentially important cultural domain of religious belief and activity

**Background literature:** A developing literature in the field of entrepreneurship research addresses important questions of the relationship between culture and entrepreneurial activity and indicates that these questions are receiving increasing scholarly attention. The Weberian hypothesis that Protestant Christianity caused the rise of capitalist enterprise is perhaps better understood as highlighting a potential crucially element in causal process between religious belief and certain types of action, including those in the economic sphere, possibly acting through the impact of individual religiosity on wider society (Davie, 2007). A dominant perspective informing the development of sociology of religion has been that of secularization (Dobbelaere, 1981). An apparent association between declining religious belief and activity, particularly in the developed world, and economic growth over the last century might be interpreted through this lens. However, when viewed from a global rather than western perspective this may be too simplistic. Trends in religious belief and activity across the globe are not uniform, and causal processes between religion and indicators of socio-economic development more complex than initially assumed. Secularisation may operate at the level of the degree of societal influence exerted by religious institutions, but this is not necessarily with declining levels of personal religious commitment (Berger, 1999). Some religious practices have been observed as being on the rise. The rapid growth in Pentecostal forms of Protestant Christianity in both Latin America and Africa, and the importance of the Roman Catholic church in post-transition Eastern Europe have been explored as key examples (Martin, 1991, 2002).

The relationship between religion and economic development has attracted some limited attention from economists. The prevailing view is that of religious participation as rational choice (Warner, 1993; Iannaccone, 1998). The rational choice literature introduces greater “supply-side” focus (Iannaccone and Stark, 1994; McCleary and Barro, 2006a, 2006b). A key hypothesis in this work has been the importance of religious diversity (or “competition”) as feature of societies where religious

activity appears to remain strong. Evidence for such “market forces” may be found in indicators of religious pluralism – the extent to which a particular society supports a range of religious adherence, rather than favouring one particular religious group, or limiting the free development of religion through forms of state or societal regulation. The notion of “salvific merit” may also play a part in some religious value systems, and might find expression in the possible linkage in the minds of adherents between religious commitment and personal economic prosperity (McCleary and Barro, 2006a; Attanasi and Yong, 2012). As well as offering an explanation for religion being the “dependent variable” in the religion-economic development relationship, this literature also addresses potential causation in the reverse direction (McCleary and Barro, 2006b). A positive association may indicate that religion raises the social acceptability of entrepreneurial activity, by inculcating incentives to accumulate wealth and property and a sense of personal responsibility, as well as providing valuable forms of social capital through trust-building, networking and cultural identity (Guiso et al., 2003; 2006; Licht and Siegel, 2006).

Aside from such economic considerations, research from a psychological perspective focuses on questions of individual identity and sense of calling (Heslam, 2013). Religious adherence and identity may serve to “sanctify” particular psychological goals and thus raise self-efficacy (McCulloch and Willoughby, 2009). The role of religion in promoting particular individual values and behavioural norms is associated with the role and operation of organizational and societal norms. An institutionalist perspective on the role of religious organizations is that they may act across various dimensions in a similar fashion to other societal institutions. Religious institutions may strengthen and support clearly defined property rights, through providing moral force to support the rule of law. Economic benefits flow through reduced transactions costs. Religious institutions may also provide an institutional context for entrepreneurial networking and social capital building, which is distinct from market-based relationships (Granovetter, 1973), and may be particularly effective where state governance systems are weak (Licht and Siegel, 2006). Reputational bonding (Siegel, 2005) may serve as an important entrepreneurial strategy to signal trustworthiness with suppliers and customers, through social embeddedness (Granovetter, 1985; Aldrich and Zimmer, 1986). Membership of a religious organization may further facilitate the entrepreneur to embed within a dense social network.

Religion and religious organizations may play a very significant role in intergenerational transmission of values and in creating social solidarity. Forms of developing religious activity, which involve strong emphases on the establishment of behavioural norms and on shared but distinct experience, may have a particular role to play. One such development, which has attracted considerable attention from leading sociologists of religion, is the development through the 20<sup>th</sup> century of evangelical, charismatic and pentecostal movement (EPCM) Christianity in its various global manifestations (Martin, 1990; 1999; 2011; Berger, 2001). Although precise definitions of these groupings are subject to discussion and debate, this form of Christianity is commonly thought to share commonalities in both doctrine and practice. It may often be associated with values of strong personal motivation and responsibility, sometimes in the context of a “material prosperity gospel” (Meyer, 2010). In turn these values may be supportive of individual and collective entrepreneurial effort, either for personal gain or for social motives, resulting from stronger self-control or self-regulation (Haynes, 1995; Coleman, 2000; McCullough and Willoughby, 2009; Anderson et al., 2010). By contrast hierarchical forms of religious organization, particular where they may be closely aligned to other state institutional arrangements, appear to be associated with greater organizational centralization (Bloom et al., 2009). This association may in turn imply discouragement towards more decentralised and entrepreneurial economic activity.

**Methodology:** The present paper seeks to engage with these discussions in order to present a preliminary empirical investigation of the relationships which may exist across national boundaries between religion and entrepreneurship. Definitions of entrepreneurship are taken from the Global Entrepreneurship Monitor (GEM) studies for 2011 and 2012, focusing on the individual rather than on the business venture. Recent data on religious affiliation across countries are used to construct

various measures of religious activity and diversity. As well as focusing on potential differences in the relation between particular world religious groups and levels of entrepreneurial activity, in particular the paper focuses on sub-divisions within Christian religious affiliation with particular focus on EPCM activity. Regression analysis is used to investigate particular hypotheses concerning association between religious activity and indicators of entrepreneurial activity at national or societal level. These hypotheses include consideration of the potential mediating effects of societal and state regulation of religious activity and of levels of general economic prosperity and growth.

**Results and Implications:** Preliminary findings suggest, in particular, a significant association between the various GEM indicators and the strength of the EPCM form of Christianity in a particular society, as well as the level of religious pluralism. The strength of these associations appears to be mediated to some extent by state regulation of religious activity and by levels of economic prosperity. These findings suggest that greater research attention needs to be paid to the potentially important role that certain forms of religion might play in providing a supportive cultural environment for entrepreneurship. They also suggest that policy-makers may wish to pay closer attention to the potentially supportive role that certain religious organizations might play in the development of new business venturing.

# **Risk Management in Scottish, Chinese and German Small and Medium-sized Enterprises: A country comparison**

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**Key Words:** Risk Management, SMEs, China, Germany, Scotland, Country Comparison

## **Small Business Management**

### **Risk Management in Scottish, Chinese and German Small and Medium-sized Enterprises: A country comparison**

#### **Aim of the paper**

The aim of this study is to fill the gap in the literature by comparing risk management practice in SMEs among three economies (Scotland, China and Germany). Specifically, this study seeks to answer the following two research questions:

1. What is the impact of personal and organizational characteristics under different cultures and local business practice on SMEs' attitudes to risk and risk management?
2. Do SMEs attempt to manage risk, and, if so, what strategies and methods are employed for this purpose under different business environments?

Exploring these questions will provide a clearer understanding of the personal and organizational factors that have influenced the risk management practices of SMEs in the respective countries. This study also seeks to address the influence that the perception of environmental uncertainty has on the risk management efforts in SMEs (Matthews and Scott, 1995; Tan, 2002; Zahra 2005; Yang and Li, 2008; Heavey et al., 2009).

#### **Background Literature**

There has been a paucity of research concerning the current state of risk management (RM) in small and medium-sized enterprises (SMEs) (Islam et al., 2012; Berry et al., 2007). While numerous papers and guides have been written on RM, predominately they focus on large firms (Alquier and Tignol, 2006; Verbano and Venturini, 2013). Research findings and models based on large firms would be inapplicable to SMEs due to their uniqueness. According to Sparrow and Bentley (2000) SMEs have a completely different view of risks compared to very large firms. Moreover, SMEs, which are influenced by local culture and business practice, are expected to have different attitudes towards risks and risk management. As Hofstede and Hofstede (2005) state, attention should be given to the cultural context, since different perceptions of risk exist in different countries. However, there are little cross-country studies relating to RM in SMEs. The available cross-country studies mainly deal with perceptions of the environment and the firms' strategic directions (Tan, 2002) or with cultural differences in planning/success relationships (Rauch et al., 2000).

#### **Methodology**

The investigation was based on a mixed methods approach. It was carried out via a Web-based survey of Scottish, Chinese and German SMEs conducting in English, Chinese and German languages, followed up by in-depth research interviews. After having analysed commercial address databases for drawing the sample, the decision was made to work with the Hoppenstedt (2012) CD-ROM database for German SMEs and with FAME (2012) database for the Scottish SMEs. These are well-known and annually updated databases containing information about around 65 000 SMEs, the largest SME databases with a countrywide focus. It is oriented towards the EU definition of SMEs, and the firm profiles contain all essential quantitative information. For the Chinese SMEs the decision was made to draw a sample from various sources such as SME business associations, universities teaching SME owners to qualify for state subsidies and funding, and the QIN (2012) database.

The invitation to the survey was distributed via email with a cover letter asking the respondents to answer an online questionnaire. In all the survey rendered 270 eligible responses (China 121 firms, Germany 87 firms and Scotland 62 firms). Ten semi-structured interviews of each country were held to examine RM practices in detail. Those three countries have distinctive cultures and business practice as well as different social and economic environments. The respondents were presented different examples and examined managers' attitudes to risk by requiring them to make decisions based on carefully constructed risk scenarios that were similar to those that had been employed in studies from other countries (Helliard et al., 2002; Caliendo et al., 2007; He and Huang, 2008; Kallenberg, 2009; Wang and Yuan, 2011). Descriptive and comparative data analysis techniques appropriate for examining the two research questions are employed (see objectives

section). The questionnaire survey provides the first hand of data on the current practice and attitudes of SMEs towards risk and risk management under those three economies.

## **Results and Implications**

The analysis of the survey data has shown that SMEs appear to have very different levels of risk management sophistication. Regarding the responsibility for implementation and reviewing risk management, all firms have low scores. A similar picture can be stated for risk communication and documentation. The risk management process is more differentiated compared to the risk management organisation, in particular the assignment of responsibilities and duties. With regard to risk assessment, some progress has been made compared to prior surveys (e.g. Henschel, 2010; ICAEW, 2005). The most significant problem in all SME size classes (i.e. micro, small and medium-sized) appears to be the lack of integration of the identified risks into the business planning. Without such an integration the firms are unable to determine the company's entire risk position (Islam and Tedford, 2012; Islam et al., 2008, Leopoulos et al., 2008). Not surprisingly, the study clarifies that the company size is an essential factor to distinguish the quality of risk management systems. On the other hand, the industrial sector has only limited power to distinguish the risk management sophistication of SMEs.

Management accounting plays an essential role in organising and improving risk management in SMEs (Alquier and Tignol, 2006; Smit and Watkins, 2012; Yiannaki, 2012). The managing director alone will not be able to establish and to maintain the risk management system. The results of the investigation reveal that firms having a management accounting unit assign it to implement risk management. In those firms, the risk management process and the methods of risk assessment are significantly better established. There is a clear size effect with respect to having a management accounting unit: management accounting plays a role only for medium firms. In micro and small firms management accounting tasks are carried out by the managing director or by an organization member in charge of accounting. For micro and small firms it is recommended that they take advantage of external experts who can support the risk management process. In particular, tax advisers play an important role for micro and small firms. The book-keeping is done by the tax advisers. Therefore, they have all the key information at hand and can organize and discuss the risks and their impact on the business with the owner-managers. This is likely to create a learning cycle / perspective and the owner-managers will gain more knowledge regarding the risk assessment.

Regarding the risk attitudes there is an interesting observation. The risk-taking approach of the Scottish companies is very strong compared to the other two countries. Scottish owner-managers / other managers see risks as opportunities for innovation, which the company should "seek out" and exploit. Whereas the Chinese and German owner-managers / other-managers seems to be more risk averse. For them risks are threats which require a clear, consistent and organizational response to reduce the likelihood of occurrence and the impact, should they occur. Whereas Scottish SMEs feel that risks can be minimized by involving others in business decision making. This clearly hints at cultural specific differences.

The study's findings can be used to develop risk management training programmes for SMEs. The programmes could range from familiarizing SMEs with risk management issues to information on implementing and running a holistic risk management system. Given the size effect, these programmes should be tailor-made for the three SME size classes.

This research makes two specific contributions to research focusing on RM for SMEs. First, the research project is the first of its type with an extensive empirical study into the status of SMEs' RM in China, Germany and Scotland. Second, the cross-country study shows cultural differences and local business environments have an influence on the firms' RM practices. Therefore, the study gives us the opportunity to expand our understanding of RM practices in small firms in different parts of the world.

## **Social Enterprise: Bridging the gap between the Statutory Sector and the Third Sector**

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**Abstract:****Track Title: Other Contexts****Paper Title: Social Enterprise: bridging the gap between the statutory sector and the third sector****Key Words: Social Entrepreneurship, Social Enterprise, Rural Enterprise, Personal Support Network, Rurality****Aim of the Paper:**

There is much to study in the area of entrepreneurial activity and the role of the social entrepreneur. Globally and across regions, there are ever increasing demands for social policy to meet the health and wellbeing needs of populations. Entrepreneurship has long been acknowledged by researchers as being a driver for economic and social change. Here, this paper presents the role of the social entrepreneur in bridging the gap between the statutory sector (hospitals and healthcare institutions) and third sector (voluntary and charitable organisations). Entrepreneurial activity and behaviour cannot always be explained by assuming inherent pre-existing entrepreneurial characteristics. Seemingly social entrepreneurial activity can be driven by an essential need to help and improve the lives of others. For this perspective, the research reported in the paper identifies the role of the social entrepreneur and explores how entrepreneurial social enterprise is meeting the needs of vulnerable adults living in rural Wales within the context of Stroke. Firstly, this paper explores how both entrepreneurs and the stroke clubs which the entrepreneurs have started, contribute to the personal support networks of people who have experienced stroke in rural North Wales. The organisational structure of the social enterprise in this context is also explored. Furthermore, this paper seeks to identify how social enterprise in this contexts supports vulnerable groups in rural regions by meeting needs that are currently unmet by the statutory and third sectors. In so doing, this paper addresses the paucity of research social enterprise and entrepreneurship in social sectors and, the lack of research concerning the service demand required for disadvantaged groups from the social enterprise perspective.

**Background Literature**

This research builds on community support research from the entrepreneurial and social enterprise perspective. It examines stroke rehabilitation from a cross-disciplinary perspective through a lens of social participation, community engagement, community cohesion and policy. The rural context and social enterprise perspective are both under researched areas, specifically within the context of community support. This paper refers to social enterprise as the 'bridging sector' which has an opportunity to utilise skills, abilities and knowledge by way of a triple helix. Ridley-Duff and Bull (2011) consider that social enterprise shares a combination of attributes from the statutory and third sectors. Where antipathy to the state is considered the driver for these businesses to meet the needs of disadvantaged groups, seeing them as being realistic about the states capacity to oppress minorities, and the centre crossover is the overlap of all sectors, being 'idealist' it replaces private, public and voluntary competition with a democratic multi stakeholder model where all interests in a supply chain are acknowledge to break down barriers to social change.

Furthermore, the background literature states that the Welsh Government (2012) recognise the importance of stroke support groups in meeting the needs of people who have experienced stroke, which informs of how such social enterprises can contribute to service delivery across the statutory sector, contributing to the wellbeing of people living with disability and neurodisability as a result of stroke.

Public awareness of stroke has increased over recent years with the increase of social media in the UK. Being the third largest cause of adult mortality and the largest cause of adult disability in the UK it has attracted some focus from researchers in the medical field for several years. Stroke has a life changing impact on everyday life; for those who have experienced it themselves and their caregivers; families and friends as one third of people who experience stroke survive with varying degrees of long term disability (Ekstam et al. 2011; Jagger et al. 2007), resulting in everyday activities becoming daunting and tasks requiring more effort and possibly assistance. Mortality from stroke is decreasing, but with stagnant incidence

rates this suggests that there is an increase in the number of people living with the effects of stroke in their everyday lives.

The Wales Rural Observatory (2004) identified that the rural infrastructure in Wales can make accessing services in rural communities a challenge, and with support being sparse in rural areas this paper reports of the value of social enterprise in this context and how it contributes to the everyday lives of the study participants. The challenges faced by entrepreneurial individuals who start social enterprises are explored and recommendations for governments and policy makers, so as to facilitate and support such social enterprises as key elements of PSNs are made. This also supports the aims and objectives of the Welsh Governments Stroke Delivery Plan (2012). Such research offers insights into service provisions for disadvantaged groups and has the aim of highlighting the importance of social entrepreneurs and PSNs in respect of stroke and, identifies ways in which social enterprises may be supported to help maintain them sustainably within the community to improve support rehabilitation for stroke survivors within rural communities.

## **Methodology**

This research was carried out in social enterprises and with social entrepreneurs in North Wales, UK. Key factors under study are the role of the social entrepreneur, the relationship and linkages between third sector, the statutory sector and the social enterprise and the impact and outcomes for the everyday lives of people living with stroke in rural counties of North Wales, in the United Kingdom (UK). This aspect of the research research is set in the context of a larger research project which examines the Welsh context of support for people who are living with stroke. The research reported here explores the role of social entrepreneurs and how social enterprise in this context contributes to the personal support networks (PSNs) of survivors of stroke in rural areas and their caregivers In this context in which entrepreneurship takes place, “entrepreneurship is recognised as an interactive process that, to be effective, must involve a wider range of individuals, groups, and organisations” (Shaw, 2013:147). While DeClequ and Voronov (2009) describe entrepreneurship as a “profound socially embedded process” and the environment in which they are embedded are critical to success of enterprises (Shaw 2013:395).

Adopting an inductive qualitative research with use of longitudinal multi case studies, this research uses ethnographic observation, combined with biographical narrative interviews with entrepreneurs who developed the stroke clubs and also end users to study social enterprises namely ‘stroke support groups’. In total, nine case studies were researched which consisted of people who are living with stroke, and their caregivers (where applicable) and six stroke support groups were also observed. Data was analysed using Nvivo and key themes extrapolated.

## **Results and Implications**

Social entrepreneurs have created ‘stroke support clubs’ in rural regions, supporting stroke survivors and their care givers. These social enterprises have been created due to needs identified by social entrepreneurs who are the driving force behind development and funding of these clubs. Clubs fill a gap in public service provision in rural areas and create a ‘safe zone’ where people can be themselves and share experiences. For caregivers, the clubs provide somewhere to share problems, experiences and advice. For survivors, stroke clubs provide a place where survivors can partake in activities with people who have similar conditions, understand them, and seek safety away from ‘societal stigma’. This research highlights the need for these social enterprises and how social entrepreneurs manage the challenges faced by funding crises. Considering the broader context, this research informs how social enterprise can contribute to wider society in a variety of sectors, bridging the gaps between the sectors; supporting policy delivery and meeting unmet needs of survivors of stroke and their caregivers.

The research findings have implications for social enterprise development in rural regions reporting on social entrepreneurship where entrepreneurs have ‘lived the experience’ and are driven by their own needs to support public sector policy delivery for the social good. These findings are of interest to government policy makers, practitioners and other stakeholders who wish to offer holistic, long term and cost effective support to vulnerable groups, particularly in rural and disparate regions, where effective delivery of social support is challenging.

**Track Title:** Different contexts

**Paper Title:** What does the value concept tell us about social entrepreneurship specificity?

**Key words:** Social Value; Social Entrepreneurship

### **Aim of the Paper**

In Social Entrepreneurship (SE) literature, there is a debate on SE prior purpose. Several authors identify SE as a mechanism of creating social and economic value while others insist on the prioritization of social value creation over economic value accumulation. So far, SE is mostly viewed as an ability to create social value. In fact, value is a central concept in SE research. However, the notion of value is mainly assumed rather than theoretically analyzed and defined. What value is or how social value can be achieved in the SE context needs to be clarified. Our objective is to shed light on the value concept, its richness and its importance in the understanding of social entrepreneurship phenomenon. Our research question may then be formulated as follows: what does the concept of value and its multifaceted aspects tell about the specificity of SE phenomenon? The paper shows how scholars observe the way social entrepreneurs create value for their beneficiaries that lack the resources access the 'offer' in the current market. It also underlines how authors study the way the value created through a social project is shared with actors who come from three different 'worlds': the social, the commercial and the institutional. The way authors analyze the value captured through the activity of social entrepreneurship organizations is finally examined.

### **Background Literature**

In this study, a distinction is made between value creation, value sharing and value capture. In fact, these three perspectives of value put together shed light on the way an organization work (Verstraete and Jouison, 2010). We argue that a literature review on value creation, value sharing and value capture give important insights on the specificity of social entrepreneurship phenomenon.

Each of the three perspectives of value above mentioned implies to pay attention to different dimensions of the studied phenomenon. For instance, "the question of how value is created requires defining the source and target of the value creation" (Lepak et al., 2007, p.187). As a consequence, our conceptual framework reveals that, on the one hand, there are three sources of value creation: the individual, the organization and the society or industry as a whole. In the context of SE, the individual level is assumed to be the social entrepreneur, the organizational level is the social enterprise and the societal level is its value network. The value network contributes to value creation with its resources of all kind. This value network comes from three distinct worlds: social, commercial and institutional, each with distinct norms and rules. On the other hand, the targets are the beneficiaries of the value proposition and the stakeholders that get involved through resource commitment.

The sharing dimension of value is based on shared value concept (Porter and Kramer, 2011) and on convention theory (Gomez, 1997).

Finally, for the capturing aspect of value, a distinction is done between use value and exchange value. In SE context, the use value is the perceived value by the beneficiaries; the exchange value is the costs stakeholders agree to assume in order to deliver the value proposition to the beneficiaries.

### **Methodology**

Our review involves several steps and follows principles of thematic coding from qualitative research (Braun and Clarke, 2006; Jones, Coviello and Kwan Tang, 2011). We first included all peer-reviewed journal articles only: 117 papers were analyzed. The scope of the search is from 1989 to 2012 inclusive. We conducted a keyword search identifying relevant titles and abstracts on SE from the ABI Inform and EBSCO search engines. Studies focusing on non-profits or sustainable enterprises were excluded. We then did a search of selected key journals to ensure that articles of relevance not using specified keywords were included. The papers were arranged in chronological order. An Access data base was created on DropBox for recording and comparing coding by the researchers. Each paper was coded according to the stated purpose, the main constructs, research contributions, methodology, definitions on SE, value creation, value sharing and value capture. Each author made general commentaries on the papers. This first descriptive codification enabled the researchers to identify the recurrent concept

of social value in almost every paper. An additional codification following a theoretical approach of value was conceived using literature on value creation. A systematic search for the word 'value' was conducted, and each paper was re-read to code the flows of value (its sources and outcomes), the way authors said value was generated (through social entrepreneurs, a value proposition and a management system) and its co-creation with different stakeholders (through partnership and the understanding of the different stakeholder contexts). This second iteration resulted in a number of more specific themes derived from the data and followed a more inductive approach this time. Following a sub-thematic process, the codes were grouped by familiarity to form second and third order areas thus forming a taxonomic hierarchy. Themes were reviewed for redundancy or duplication by both researchers. Themes were iteratively pattern-matched with the data and enabled the emergence of more precise thematic codes. Iteration continued until we could elaborate a thorough, inclusive and comprehensive thematic map (it was constructed using Imindmap7).

### **Results and Implications**

Our results are organized around the three facets of value inherent to SE: its creation, its sharing and its capture. In this paper, we examine value as a key concept for understanding the social entrepreneurship phenomenon. We situate our understanding by analyzing the concept as it is used in the extant literature. In doing so, we demonstrate that the concept of value can help researchers recognize the distinctive nature of social enterprises, the way social entrepreneurs behave, their value proposition and the distinctive processes and resources leveraged and exchanged between social entrepreneurs and their stakeholders emanating from different contexts. This study also allowed us to identify rarely developed topics that most authors ignored or only slightly evoked (for instance, the social entrepreneur entourage and its influence on the social project, the need for a legal structure that matches the social project and allows its success or the way norms and rules need to be understood and translated to the different stakeholders). By doing so, we add credibility and profundity to an emerging field, and create opportunities for building on the social value concept to extend social entrepreneurship investigation. Researchers should benefit from future research on social entrepreneurship as a pluri-faceted context in which different types of social entrepreneurs create social value. Further developments in this area will extend our insight of this phenomenon and facilitate the conception of educational strategies to support future social entrepreneurs. This research has also implications for social entrepreneurs who are not necessarily conscious of the importance of considering value creation processes, value sharing and value capture as keys for success. Besides, they do not consider the development of specific argumentation skills to legitimize their organizations. This study indicates that value creation, capture and sharing (including rhetorical argumentation) are central to developing the social enterprise effectiveness despite a constraining institutional environment, the social enterprise's lack of dominance and their limited resources.

# **Build a strategy plan- Green Growth and Sustainable Development Policies on SMEs in**

## **Taiwan**

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### **Key Words:**

**Green growth sustainable development, Government Policies, SMEs, Analytic Network Process, risk MAP,  
Niche MAP**

### **1. Aim of the Paper**

It is very important to use the most of limited resources in the public sector in efficiently, so we need to develop a short- medium- and long-term strategic plan on policies. "Green growth sustainable development" has mentioned in recent years around the world. The government should think about how to help enterprises to catch up on the road to "Green growth sustainable development". So we should be filter out the most impact of key industries on "Green growth sustainable development" in efficiently, and selected main green market opportunities and issues. However, there are many differences between strategic planning at large enterprises and SMEs, the government needs to do more support for SMEs especially. We consider it necessary to propose remedial strategies for "Green growth sustainable development" of SMEs in different types of industries, to assist the Government of the differences on other industries, planning appropriate counseling program.

### **2. Background Literature**

Environment friendly economic model must consider three pillars of sustainability are economic, environmental, and social. Ever green economy focused on environmental and economic side, but the aspects of social will be the future drivers. It is therefore a core value to balance economic, environmental and social considerations in the course of development in this study. So as a starting point in the search for this study, issues have been detected by international publications through OECD, UNEP, Global Reporting Initiative ( GRI ),the "Global Sustainability Report" of international business company ,etc. Such as information on green growth indicators or the green needs on supply chain requirements.

### 3. Methodology

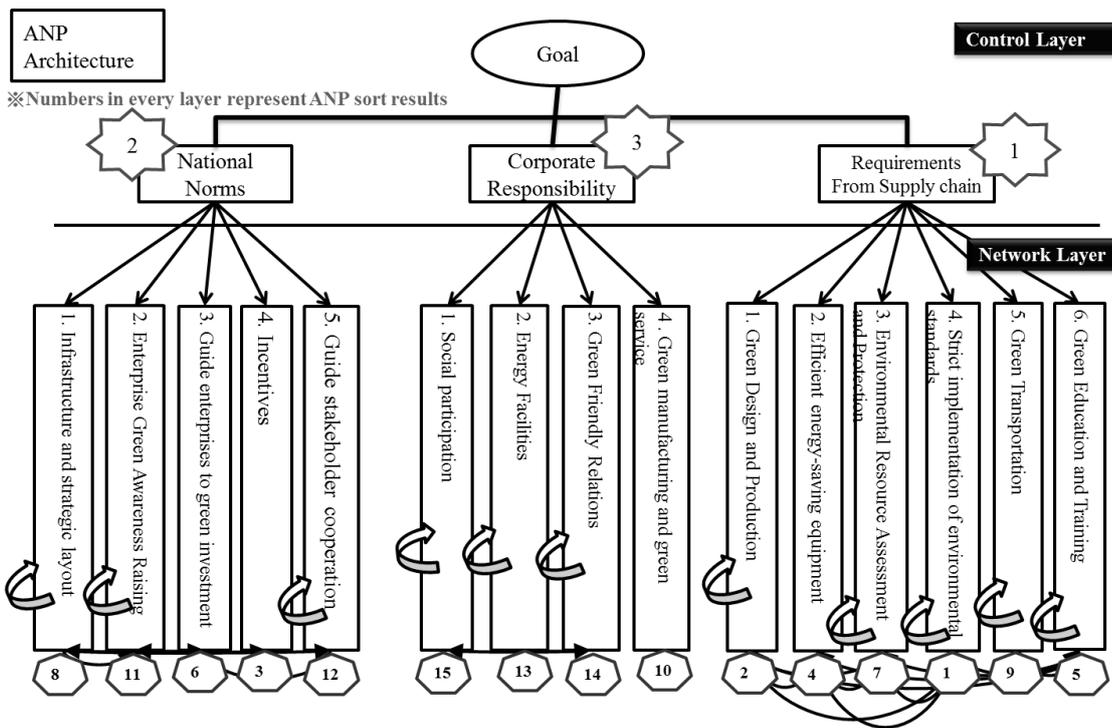
#### 3.1 Scope

This study adopted a high proportion of export orders "made in Taiwan" and high export amounts, identify key industries to focus on policy resources. The following three major industrial of metal machinery manufacturing, plastic products manufacturing and food and beverage manufacturing are the scope of this study.

#### 3.2 Screening and focus on issues

Go through above process , we can get a lot of "Green growth sustainable development" issues , then we screening issues by expert opinion survey method. We applied factor analysis to screen issues, it also can be used to guide the process of grouping items into facets in several questionnaires way. Then these issues are weighted by using Analytic Network Process ( ANP ), to understand the relevance and importance for industrial development. Figure1 presented the result of the relevance and importance of ANP.

Figure1 "Green growth sustainable development" issues ANP Architecture

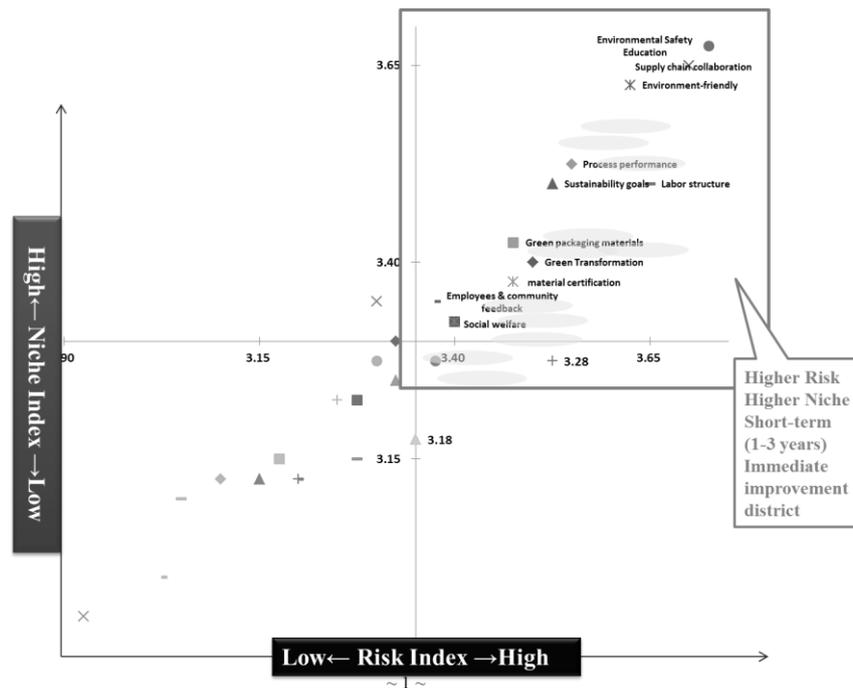


### 4. Results and Implications

#### 4.1 Analysis of the risks and niche in three major industrial

In the analysis of "risk index" and "niche Index" by SMEs questionnaire& interviews of Large enterprises in three major industrial. Then, we can singled out the higher short-term (1-3 years) of "risk index"& "niche Index", to immediate improvement as a reference direction of government policy and counseling resources. For example, Figure2 presented the immediate improvement district in Metal products manufacturing.

Figure2. The risk&niche MAP of Metal products manufacturing in Taiwan



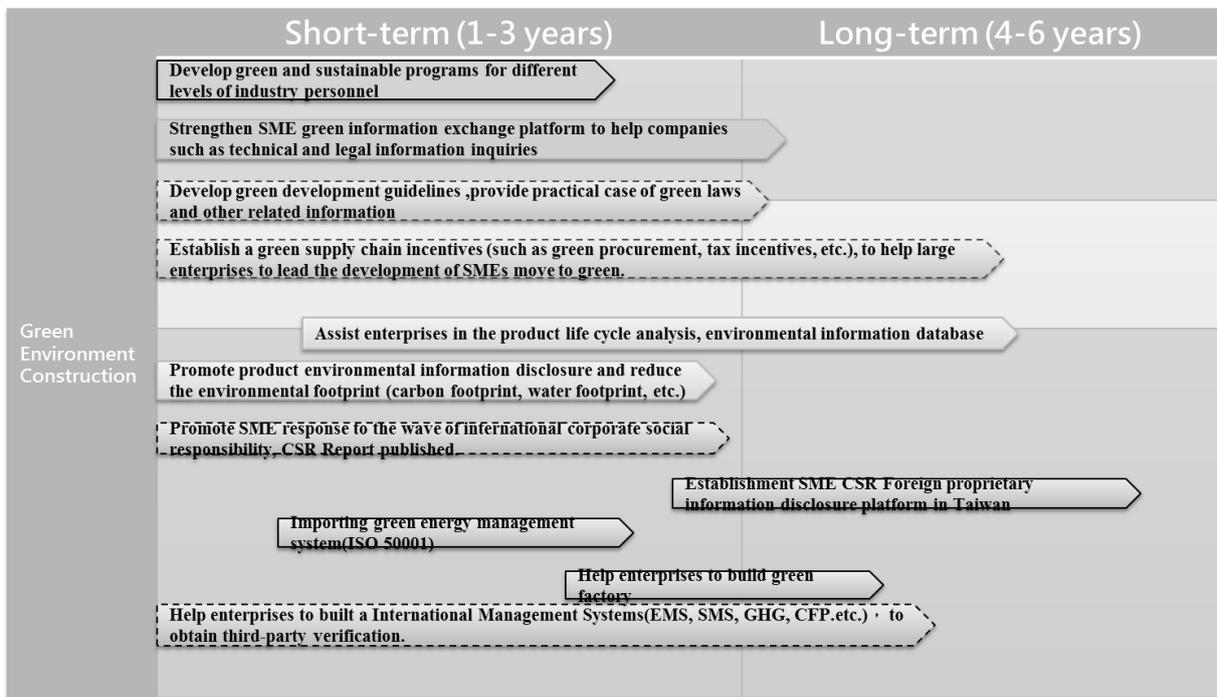
#### 4.2 Commonality of policy recommendations

Government policies need to relate individual industries remedy, it must also focus on the commonality of counseling strategies, establish short-and long-term focus of the whole industry coping counseling strategy.

This study selected the most important needs counseling topics:

1. **National standard:** The government should expand support for enterprise supply chain to help them cooperation, move to green and sustainable development.
2. **Social responsibility of enterprises:** They need to provide the environment, health and safety-related education and training to employees.
3. **Requires from the manufacturers of the supply chain:** The government should help enterprises to improve process efficiency and reduce process energy consumption.

In accordance with the above issues needs counseling, short-and long-term sustainable development of specific counseling strategies for Taiwan's SMEs are as follows:



# **Framework for Experimental Learning: Replicable Business Models in Rural Electrification**

Abstract submitted to ICSB 2014

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Key-words:

Business model innovation; experimental learning; rural electrification; renewable energy; entrepreneurship

## Track Title: Innovation

### Paper Title: Framework for Experimental Learning: Replicable Business Models in Rural Electrification

#### Aim of the paper

Today, more than 1.2 billion people live without electricity which deprives people of vital development opportunities. Most of these people live in rural areas of developing countries. Rural electrification has several positive impacts and is therefore needed to achieve the UN Millennium Development Goals. Several entrepreneurs are already running mini-utility plants that are cash flow positive, but most of them are only single systems. A few companies do run multiple plants, but growth is a challenge in this industry. A refinement of the business models employed is necessary if the models are to become replicable and scalable. This is necessary to accomplish the goal of universal access to modern energy by 2030. Business model innovation is receiving increasing attention as a subject of research. It is believed that business model innovation can take companies into new competitive directions or introduce radical changes in already existing markets.

The aim of this paper is to help entrepreneurs identify a process to develop a replicable business model in the context of rural electrification. We do this by looking into the business model innovation processes by which entrepreneurs can ascertain which components of a (local sustainable) business model can be kept constant and which components have to be modified when going from an established business model in one rural area, to new areas for replication. The research question is: Which processes and tools might be used to identify and implement the appropriate components in the development of a replicable business model for rural electrification in developing countries? We introduce an overview of different business models innovation processes that might be useful for the development of a replicable business model. Further, we investigate what differs between the different processes in terms of structure, fidelity, cost and time, and how the different challenges in rural electrification affect the choice of process for finding a replicable business model. Our key contribution is a conceptual framework, which ties together business model innovation literature to the challenges in rural electrification. As a result we expand the theoretical understanding of the topic of business model innovation by new ventures, while also helping entrepreneurs facing the challenges of rural electrification with knowledge about developing a replicable business model for their context.

#### Background Literature

Academics differ on the definition or nature of a business model. Regardless of the diversity of the definitions used, researchers and practitioners agree that all companies have a business model, and at the core, a business model describes three important functions: to create, capture and deliver value. Business models have been seen as conceptual tools, as a reflection of realized strategy and as a source of learning. As such, developing a flexible and appropriate business model is important for any firm, and a robust business model is seen as essential for firm survival and performance. However, developing a robust business model is not easy. This is also the case for firms in the rural electrification sector. In fact these firms face additional challenges due to the context they operate in that are related to the technology, institutions and the characteristics of the users. The markets in this context are also poorly developed or do not exist. The task of developing a business model in rural electrification is therefore best characterized as highly uncertain. In this context, entrepreneurs that aim to discover and exploit new business models must employ a strategy based on experimentation and learning rather than conventional strategy that emphasizes analysis. Thompson and MacMillan (2010) have proposed a multistep process for the creation of a business model in the Bottom of the Pyramid (BOP) context, containing the steps of experimenting, learning and then developing a feasible business model at the lowest possible cost. This process is summarized in figure 1.

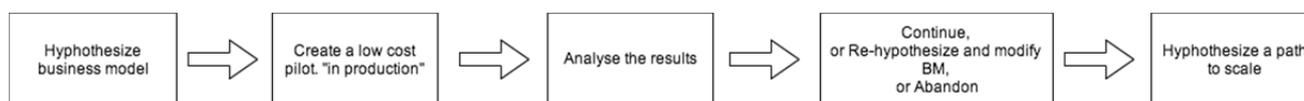


Figure 1: Multistep process to handle high uncertainty in business model development.

The principle suggested is to first develop a small-scale pilot based on a hypothesized business model, which is then used to develop the actual business model. We focus our research on this, specifically the processes and tools by which to identify those components of the business model that can lead to the development of a replicable business model for rural electrification in developing countries.

#### Methodology

To answer our research question we have performed an extensive literature review, within the field of business models, business model innovation and challenges related to the BOP-population and the rural electrification context. We conducted our literature search by using queries with keywords such as business model, business model innovation, entrepreneurship, base of the pyramid, rural electrification, and replication

in different combinations for finding relevant literature. We searched databases such as Science Direct and Scopus. Our preliminary search results were then filtered in line of their relevance to our research questions and the context of rural electrification. In addition to this search, more articles were added through a process of search in reference lists of relevant articles, in a snowballing process. Reports from international policy agencies as well as books describing concepts and frameworks that are used by researchers and practitioners were also reviewed. In all a total of 40 peer reviewed articles, 5 reports and 3 books have been covered in our review.

### Results and implications

To find the arrow core (i.e. the knowledge about what components are replicable and worth to replicate) in rural electrification, a firm needs first to have a (local) viable business model in one village. This forms the first template and the hypothesized business model for the second village. The firm develops a (local) viable business model for the second village based on the first template, and the firm will now have the opportunity to see what components of the first business model were replicable. This sets in motion the process of developing its arrow core. We thus recommend a linear but iterative process, where the firm enters one village at a time. This process continues with a number of villages until the firm has sufficient knowledge about its arrow core.

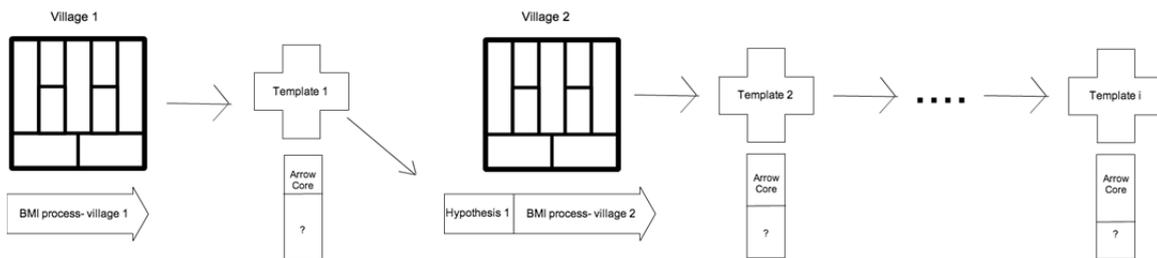


Figure 2: Learning to replicate in rural electrification. Source: Authors

This learning process in developing the arrow core can be related to the first two steps of Blank’s customer development model (CDM), the search phase, where business model discovery and validation take place (Figure 3). As the firm reaches more villages a pattern emerges over which parts of the business model are replicable, and what the ‘ideal’ village is to best fit the company’s business model. If no such pattern is found, the company should go back and reevaluate its business model.

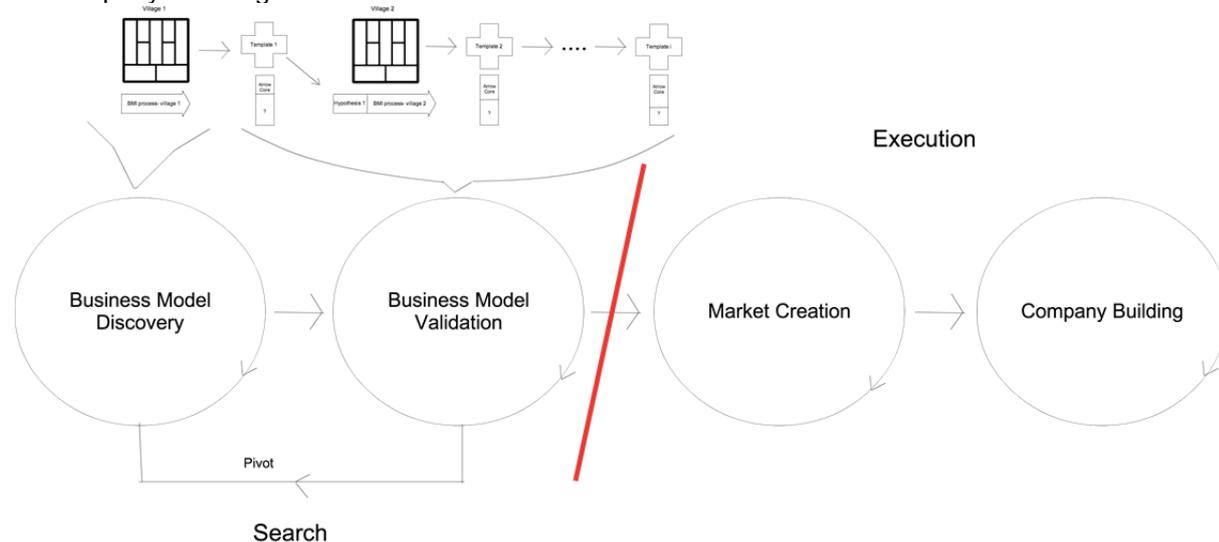


Figure 3: Framework for managing the company building and the search for a replicable business model. Source: Authors, based on Blank (2013) ‘Customer Development Model’

Only when the firm has sufficient knowledge about the customer, desired value proposition, partners needed and actions required when entering a new village etc., should the company enter an execution phase (CDM step 3 and 4) and start to build a larger organization which can create demand and serve new villages simultaneously in a large scale.

The framework emphasizes purposeful experimental learning. The result expands the theoretical understanding of the topic of business model innovation by new ventures. The framework also helps entrepreneurs in rural electrification with knowledge about developing a replicable business model for their context. This can also reduce the overall uncertainty in the project, which may help the entrepreneur to raise finance. This can accelerate the growth of access to modern energy.

The challenges specific to the rural electrification market have an impact on individual components of the business model while replicating. In addition they can have an impact on the overall process itself due to the importance of cost, time and fidelity in the success of learning by experimentation. To test the proposed framework a case study research is currently underway.

# Evaluation Indicators of Green Growth for Small and Medium Enterprises in Taiwan

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Key Words: Green Growth, Evaluation Indicators, Excellent SMEs

## Track Title

Firm Performance

## Paper Title

Evaluation Indicators of Green Growth for Small and Medium Enterprises in Taiwan

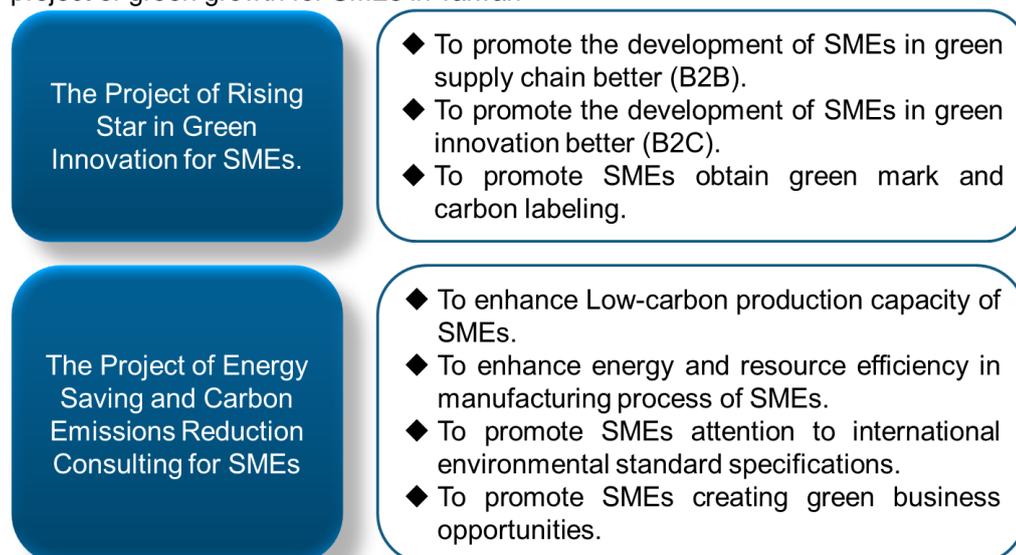
## Aim of the Paper

The purpose of this study is to propose what characteristics of excellent SMEs of green growth should have, so we make evaluation indicators of green growth for Taiwan SMEs, and be a reference for Taiwan government to promote, evaluate or select excellent SMEs of green growth.

## Background Literature

Recently, the interaction among social, technology, economy, environment and policy has getting stronger, especially the impact of environmental changes and challenges. Environmental protection, sustainable economy and other green issues are discussed constantly. Governments also attached importance to green growth, focused the strategy blueprint of the country's future economic development on green growth, environmental protection, sustainable economy, etc., to promote society and industrial development keep green growing and innovating. In Taiwan, the green growth of small and medium enterprises (SMEs) has become one of development priorities policies of government, including green supply chain development, green innovation, obtain the green mark and carbon labeling, etc. (see Fig.1)

Figure 1: The project of green growth for SMEs in Taiwan



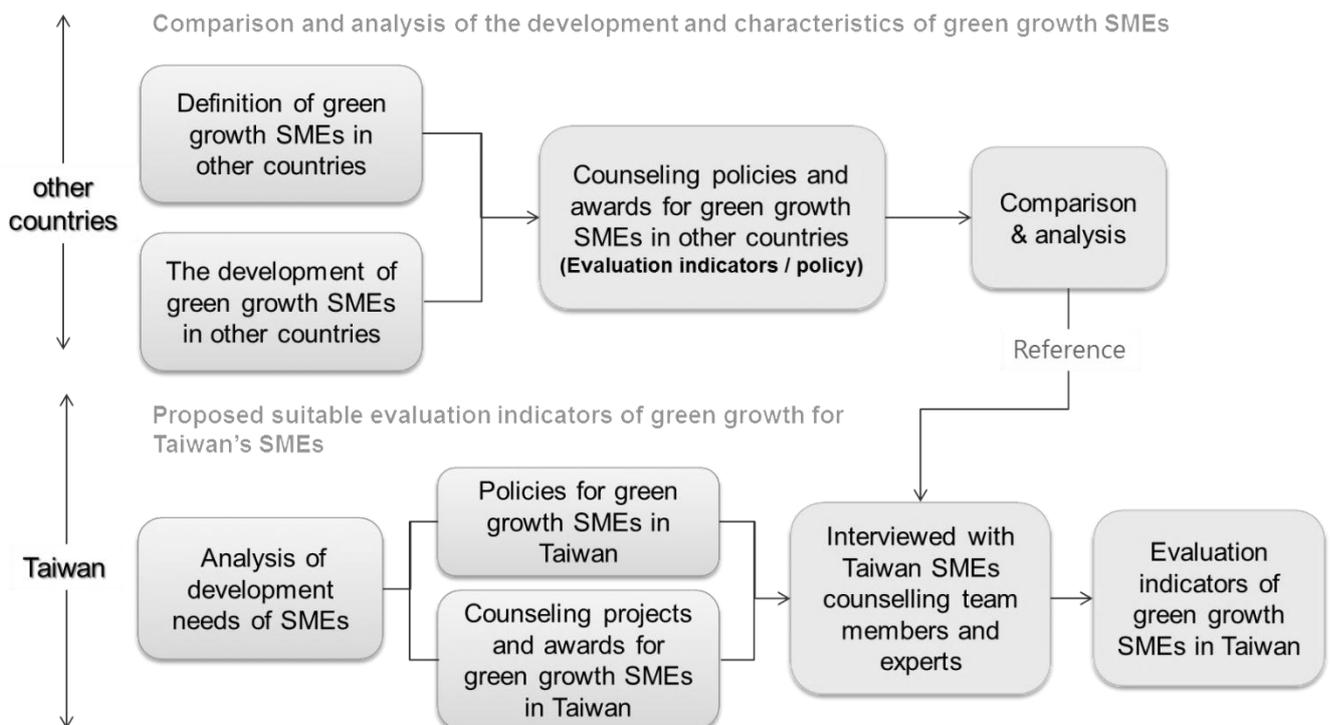
Source: Small and Medium Enterprise Administration, Ministry of Economic Affairs R.O.C. (2013)

Since October 2012, Taiwan government encouraged and supported SMEs become highly innovative and highly competitive enterprises, the goal is develop “Taiwan Mittelstand” to stabilize the future economic development of Taiwan. “Taiwan Mittelstand” means the enterprises which annual revenue and domestic employees higher than the definition of SMEs in Taiwan, and must be excellent in fundamental technologies, possessing key and unique technologies in specific area and highly competitive in international markets. And the most important is enterprise must be domestic ones where the main operation remains in Taiwan. Therefore, small and medium enterprise administration, ministry of economic affairs of Taiwan promoting a program to select and nurture excellent SMEs which is high growth, high potential and high competitive, provide those enterprises priority counseling and support, to assist them solve development problems and become “Taiwan Mittelstand”. And one of the key counseling and support projects is “green growth”.

## Methodology

We based on green growth policy and counselling program of government, and Interviewed with Taiwan SMEs counselling team members and experts who are focus on green growth. Moreover, we analyzed the evaluation indicators or award for green growth SMEs in other countries, including Japan, South Korea, China, Singapore, European Union, United Kingdom and the United States. Finally, according to the characteristics and the current development status of Taiwan's SMEs, we proposed suitable evaluation indicators of green growth SMEs for Taiwan government. (see Fig.2)

Figure 2: The Research Process of This Study



Source: Industrial Economics and Knowledge Center (2013)

## Results and Implications

During the study, we found that most of excellent SMEs of green growth have been high level green growth concept, and established a comprehensive mechanism for the environment, green procurement and management, energy assessment / monitoring, etc. Moreover, the future development goals of those SMEs are develop in green growth and become a sustainable enterprise, expect enterprise will play an important role in the national economy, environment and society.

After researched and analyzed, we make evaluation indicators of green growth for SMEs, the study results will be a reference for Taiwan government to promote, evaluate or select excellent SMEs of green growth. (see Fig.3)

Figure 3: Evaluation Indicators of Green Growth for Small and Medium Enterprises in Taiwan



Source: Industrial Economics and Knowledge Center (2013)

**Small Business Insolvency  
A Perspective from Canada**

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Keywords: Small Business; Insolvency; Qualitative; Narrative Inquiry

Track Title  
Small Business Management

Paper Title  
Small Business Insolvency: A Perspective from Canada

#### Aim of the Paper

Each year 139,000 new businesses are formed, with about 30% failing within one year, and only 25% still in operation after 9 years (Industry Canada, 2010). Given these statistics the question arises, what are the issues involved in the small business insolvency process? Are there common issues surrounding these processes? Can factors be identified that will assist insolvency professionals?

#### Background Literature

From a generic perspective the major factor which contributes to financial distress relates to the owner/manager's lack of knowledge about the business and its environment. Another factor involves the cost of borrowing and, again, the owner/manager's lack of knowledge of financial issues related to the small business.

Carter and van Auken (2006) attempted to determine the underlying causes of bankruptcy. They surveyed an equal (+50 each) number of bankrupt and non-bankrupt businesses. The most critical issues identified relate to lack of knowledge, inaccessibility to debt, and the economic climate. Knowledge was the factor which most differentiated the two groups. This issue relates to accessing and processing information which is similar to the concept of resource poverty (Thong et al, 1994). In general, small business owners may not have the time or skills to gather the appropriate information. This situation may be even further exacerbated during times of financial distress and may be a major factor in initiating the insolvency process.

Vlad (2011) investigated influences on small business bankruptcy by analysing bankruptcy levels over a five year period ending in 2009. The major finding of the investigation suggests bankruptcy rates of small business are related to the cost of borrowing. Recommendations are proposed regarding the increase in awareness of exposure to risk related to finances and corporate structure. Further, it is suggested new entrants should be better informed about financial issues. Managers of newly formed small business should be made aware of bankruptcy levels and the consequences of levels of financial leverage should be explained.

Cook et al (2011) reviewed the United Kingdom's Company Voluntary Arrangement (CVA) process which was designed to provide assistance to financially distressed small businesses. They adopt the Franks and Torous (1992) concepts of "economically" distressed for businesses that are not viable; and "financially" distressed for businesses that are viable but are currently experiencing temporary financial difficulty. To be clear, a financially distressed business is currently incapable of servicing debts when they are due. In an economically distressed situation the assets of the business would be more valuable if redeployed. Determining financial distress is less complicated than assessing economic distress. Cook et al (2011) propose the resource-based view to assess financial viability. They suggest that issues which cause distress are all influenced by the entrepreneur. The issues relate to poor marketing management, poor financial management, failing to keep up with the competition. They conclude that it is important to manage both customer and supplier relationships. But the entrepreneur should avoid over-reliance on a single customer or supplier.

A third alternative to the common practice of declaring a business not viable or conducting a financial restructuring was proposed by Rotem (2011). The third alternative is the legal duplication of a financially distressed business in order to create a viable on-going business. Business duplication is in effect a, "... home-made bankruptcy proceeding ..." (Rotem, 2011:132). This process mirrors the formal bankruptcy process both of which allow the debtor time to respond to creditor demands. Rotem (2011) suggests that business duplication be considered mainly for financially distressed businesses rather than those businesses that are economically distressed. Also, if business duplication is going to proceed it must be commonly recognized, "... that company duplicators be personally liable to any debts left unsatisfied by

the duplicated companies ...” (Rotem, 2011: 137). This requirement would address concerns for potentially perpetrating a fraud against the creditors of the original business.

The bankruptcy systems vary amongst countries. Further, it can be difficult to determine to total asset value of a business which operates in multiple jurisdictions.

Couwenberg (2001) investigated asset sales in bankruptcy procedures and the effect on survival. He considered the sale of assets for on-going businesses essentially the same as financial restructuring when resolving financial distress. An overview of bankruptcy systems is presented for Sweden, France, Germany, United Kingdom, and United States. Based upon these bankruptcy systems he developed a generic overview of survival routes through bankruptcy. The various paths and loops through this route lead either to reorganization or liquidation. Further, he concluded that very little is known about small business bankruptcies.

Cross-border insolvencies have increased as a result of the international expansion of business. Ziegel (2002) analyzed cross border insolvencies involving multinational corporations in Canada and USA. He compared the insolvency process in both countries and the impact that has on corporations proceeding through insolvency. Within the insolvency profession there is a drive for greater harmonization between the two countries which would potentially maximize creditor returns in liquidation or facilitate re-organization.

#### Methodology

This exploratory investigation documented the opinions of Insolvency and Restructuring Professionals relating to their experience regarding small businesses. Confidential one-on-one interviews were conducted to document research participants’ interpretations. A qualitative approach was adopted, employing Narrative Inquiry. A total of eleven Insolvency and Restructuring Professionals, members of the Canadian Insolvency Foundation provided input to this research project. The interview transcripts were analyzed to identify emerging themes.

#### Results and Implications

The generic causes of financial distress in small business may be described as three pillars upon which the small business functions. If one of the three is missing or otherwise not functioning properly there may arise financial distress. If two of the three are missing there will be impending catastrophe for the small business. The three important components relate to product/service, marketing, and administration. The first pillar, product/service is usually addressed by the skills of the owner/manager. That is, the small business may be formed by an individual who possesses the necessary skill to provide the product/service. For instance, the skill may relate to a trade such as plumbing or electrical. Failure to maintain a current skill set may affect product/service demand resulting in financial distress. The second pillar is marketing. In order to initially obtain financing the owner/manager must prove to a financial institution that there is a market for the product/service. Given sufficient passion of the owner/manager for the product/service a market may be established. Unfortunately, demand for the product/service could wane due to market demand or competition. This may result in financial distress. The third pillar, and the one aspect which seems to contribute the most to financial distress, relates to administration. This component may be described in relation to managing employees and accounting. As a small business grows, more and new skills will be required. While it is necessary to acquire these skills, it is more important to create an environment which facilitates retention of the individuals who possess the necessary skills. This environment may be created through remuneration and/or a positive work place involving employee empowerment. The accounting function also has the potential to create financial distress. Receivables must be collected in a timely manner in order to sustain cash inflows. Payables and payroll must be managed judiciously regarding cash outflows in concert with the receivables. Further, it is imperative to respond to the requirements of source deductions as specified by Canada Revenue Agency.

# **Women in Australian Fast Growth SMEs: How do they approach Growth as a Deliberate Choice?**

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Key words: Women Entrepreneurs, Fast Growth SMEs, Growth Paths, Gender, Social Feminist Theory

## **Track Title: Gender**

### **Paper Title: Women in Australian Fast Growth SMEs: How do they approach Growth as a Deliberate Choice?**

#### **Aim of the Paper**

In the area of women's entrepreneurship research, few studies have specifically looked at the growth of women-led businesses (for example, Rosa et al., 1996; Chell & Baines, 1998; Lerner & Almor, 2002; Morris et al., 2006; Welch, Welch & Hewerdine, 2008) until the launch of Diana project in 1999 in an effort to adequately conceptualize and build explanatory theories on the growth process of women-owned enterprises (Brush et al., 2006). By and large, these studies have investigated female under performance in SMEs and their relationship to gender (Watson, 2002; Watson & Robinson, 2003; Brush et al., 2005). While majority of these studies have indicated some underlying patterns that may help to explain growth limitations in women-owned enterprises, there is a gap in the existing literature about different growth paths of women entrepreneurs. There seems to be a lack of research in Australia and worldwide on what characterizes women entrepreneurs in their proportion of fast growth firms and how they make careful trade-off decisions with regard to growth.

This qualitative study explores the following research questions: *What characterizes women entrepreneurs within fast growth SMEs in Australia? Are there any perceived differences in the founder characteristics, firm attributes, business practices and human resource management practices of women entrepreneurs in fast growth firms from those owned by their male counterparts? Do fast growth women entrepreneurs face unique challenges to grow their ventures? How do these women entrepreneurs make trade-off decisions in deliberately pursuing growth for their businesses?* This paper aims to develop richer insights into different growth paths of women entrepreneurs by studying these women-owned fast growth small-to-medium enterprises (SMEs) who have demonstrated outstanding performance outcomes for their ventures within industries that are predominantly male; and have pursued growth as a deliberate choice.

#### **Theoretical Framework**

This study is based on the Social Feminist Theory (SFT) – one of the major streams of feminist thought (Black, 1989; Carter & Weeks, 2002) that supports the notion that one may expect to find gender differences in various aspects of entrepreneurship (Johnsen & McMahon, 2005). According to Social Feminist Theory, men and women, being subjected to different socialization processes from the earliest moment of their life, are conditioned to view the world in fundamentally different ways (Fischer et al, 1993). Hence, SFT argues that women are at a disadvantage compared to males when it comes to setting up and running their own business. Feminine traits, however, can also be perceived as beneficial rather than as a hindrance and as resources to be used constructively (Chodorow, 1988; Gilligan, 1982). Moreover, this view does not question the male norm; it merely provides an alternative or a complementary norm (Ahl, 2006; p.597) towards developing richer

insights into female perspectives and contexts within high growth ventures. Our study adopts Social Feminist Theory and posits that the characteristics of women in fast growth companies and their entrepreneurial outcomes including their approach to growth as a deliberate choice will be strongly affected by the expected gender differences in founder characteristics, firm attributes, and management practices of women-owned fast growth SMEs in Australia. It also seeks to explain that perhaps due to the inherent feminine perspectives, the fast growth women entrepreneurs are able to make trade-off decisions in deliberately pursuing growth for their businesses.

### **Background Literature**

Until recently, very few studies on women's entrepreneurship have focused on women in *gazelles* or high growth enterprises. Majority of the research investigating growth of women-owned firms have considered women's motivation to start a business and how the motivations have impacted on their approaches to growth (Buttner & Moore, 1997; Alsos & Ljunggren, 1998; Gundry & Welsch, 2001; Welter et al., 2003; Morris et al., 2006; Tan 2008; Manolova et al., 2008); the effect of location, size and sector on business performance (Cliff, 1998; Merrett & Gruidl, 2000; Du Reitz & Henkerson, 2000; Westhead, 2003; Welch et al., 2008); and institutional and cultural factors affecting women's decision to start and grow a business (Weiler and Bernasek, 2001; Brush et al., 2006; Roomi et al., 2009; Elam et al., 2010; Prasad, 2009; Muntean, 2013).

Morris et al. (2006) in their two-stage research investigating differences in growth orientation between modest and high growth women entrepreneurs, found that modest and high growth entrepreneurs differ in how they view themselves, their families, their ventures, and the larger environment in which they find themselves. A strong woman's identity is positively associated with growth orientation. Roomi et al. (2009) reports on an interesting dichotomy relating to the influence of 'family' on growth. While some women SME owners cited family commitments and childcare responsibilities as one of the largest obstacles to growth, others cited positive attitude from family and spouse, as well as their physical and emotional support to assist in achieving successful performance. Similarly, Gundry and Welsch (2001) revealed that although the high growth women entrepreneurs were more pragmatic and conscious that opportunity costs do influence growth objectives, they did not perceive owning their business as more important than spending time with their families. This supports the findings of Brush et al. (2005, 2006) and Morris et al (2006) and the assumption of Social Feminist Theory that women often lack the social and family support structure to grow their ventures, and the lack of adequate childcare might have forced them to keep their businesses smaller and more manageable.

### **Methodology**

Our study adopts a qualitative approach towards investigating fast growth women entrepreneurs with a view to explain how their personal and deliberate choice of pursuing high growth can be connected to broader institutional and social processes (Carter et al., 2001), as postulated by the Social Feminist Theory (McLeod and Thomson, 2009). Bruin et al (2007, p.328) supports this methodological approach by arguing, 'if we accept that there are gendered aspects to entrepreneurship, we may be

missing certain aspects of women's entrepreneurship that are positive, value creating, and from which we may learn more about entrepreneurship generally'; and as such can recommend that current research approach and methodologies should adequately incorporate the 'reality' of women's entrepreneurship. The case study method will provide critical insights into fast growth women entrepreneurs' founder characteristics, management practices, and approaches to growth within the broader institutional and social processes they find themselves in towards developing growth models that capture different growth paths of women entrepreneurs (Sarasvathy, 2004; Steyaert & Katz, 2004).

### **Results and Implications**

Our findings reveal that women in fast growth SMEs frequently have prior experience in closely related industries which is crucial in providing the founders with the critical knowledge and advantage including access to a network of contacts and potential clientele needed to overcome the challenges associated with building growth oriented businesses. Based on our analysis, we conclude that the high growth orientation of women entrepreneurs is positively influenced by: their personal characteristics; their motivations; firm attributes; management practices; and a strong female identity in the venture. Our study indicates that high growth women entrepreneurs perceive themselves to be different than their male counterparts in four key areas, namely: client relationship and branding; networking behaviour; leadership style; and desire for growth. Supporting the notions of Social Feminism, our study concludes that high growth women entrepreneurs make careful trade-off decisions in pursuing growth as a deliberate choice through a clear recognition of the gender related disadvantages women experience in setting up and running their own business. Interestingly, high growth women entrepreneurs appear to utilize their 'feminine traits and identity' as a constructive resource, rather than viewing them as an impediment. This is manifested in their desire to grow strategically and organically in ways that enable them to operate their businesses in tandem with their life choices.

Several limitations suggest that the results of this study should be interpreted with caution. The principal limitation concerns the non-random self-selection of participants, which also meant it was not possible to control for the age of the businesses. It is unclear as to what extent younger versus older fast growth companies are likely to differ in terms of the management practices adopted by the owner. Second, although access to finance was not highlighted as a challenge for our sample of women in fast growth firms, the relationship between access to finance and growth was not specifically investigated in this study. In terms of future research, it would be interesting to see if the findings we present can be replicated in other cultures. Also, future research might consider taking a longitudinal approach to investigate if (and how) women entrepreneurs' decisions to pursue growth and their ability to manage growth change over time. It would also be interesting to undertake a cross-sectional investigation of growth oriented women-owned businesses in an attempt to model ventures in terms of their: business types; rates of growth; and growth patterns.



WORLD  
CONFERENCE ON  
ENTREPRENEURSHIP



**Track: innovation****Title: Universities' entrepreneurial orientation, technology transfer offices and academic spin-offs: an empirical analysis of their relations**

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Key words: technology transfer offices; spin-off; entrepreneurial universities

**Aim of the paper**

According to the so-called European paradox, Europe is very effective at producing new knowledge, but less so at commercializing its results compared to other countries such as the US (Mustar et al. 2007). The most important knowledge spill-overs originate in universities and public research institutions (PRIs). In this context, the phenomenon of academic spin-offs has attracted considerable attention especially since the early 2000s, as have the university technology transfer offices (TTOs) created to foster and support the valorization of research outcomes. Spin-off activity and establishment of TTOs has increased, stimulated by the changing role of universities towards technology transfer and direct commercialization of research activity, and by the increased attention and support from government institutions at the local and national levels. Several elements are boosting technology transfer in Europe. For instance, European countries have adopted regulations that give a significant boost to the adoption and further development of third mission activities in universities.

The focus of this paper is on the role of TTOs in promoting and sustaining academic spin-offs. Specifically, we analyse the complex causal relationships between the development of academic spin-offs and the resources invested by universities in TTOs in Italy.

**Background literature**

During the last decade, universities have implemented several policies to promote the technology transfer activities even in respond to the European Commission's Lisbon Strategy in 2000 that attributes an important role to the creation and diffusion of academic knowledge to foster local economic development. According with these new approaches, the universities established roles for setting up the academic spin-offs, academic patenting and university-to-industry technology transfer (Geuna and Nesta 2006; Mowery et al. 2001). Up to now the empirical literature on academic spin-offs has focused on the role of such kind of firms to promote high tech and innovative firms, to sustain employment and entrepreneurship (Iacobucci & Micozzi, in press, Colombo et al.), to facilitate the diffusion of research from academia to firms, etc. (Lawton Smith, 2007; Djokovic and Ouitaris, 2008; Leitch and Harrison, 2010; Mustar and Wright, 2010). A great deal of the empirical literature have been concerned with the factors affecting the set-up and the growth process of spin offs (see, among others, Leitch and Harrison, 2010; Iacobucci et al., 2011; Chiesa & Piccaluga, 2000; Balderi et al., 2011; Fini et. al., 2009, Colombo and Piva, 2008; Shane and Stuart, 2002). Less attention has been paid to other aspects such as the relation between the strategy and investment of the university in technology transfer activity and the quantity and quality of its spin-offs.

Some authors have investigated how the investment in TTOs promoted the set-up of spin-offs (Algieri et al., 2011) or how the scientific quality of the university impact on the growth process of its spin-offs compared to technology start-ups located in the same area (Colombo et al. 2010).

Also a reverse causal relation can be hypothesized given that the set-up of spin-offs depends on several factors related to the orientation of the originating university as well as the local context (Mustar et al. 2008; O'Shea et al. 2005; Colombo et al. 2010).

Very few papers investigate the organizational models of TTOs and their governance (Schoen et al. 2012, Conti and Gaule' 2009; Sellenthin 2009; Link and Siegel 2005; Siegel et al. 2003; Bercovitz et al. 2001).

Thus, UTTOs are fundamental to the successful transfer of technology to industry (Link et al., in press; Siegel et al., in press). In spite of its important role, questions of what UTTO organizational configurations and licensing strategies are most beneficial to new business formation have yet to be fully answered.

The aim of the paper is to investigate which of these opposite causal relations have been at work in Italy during the last decade.

**Method**

The paper takes advantage of two large datasets about TTOs and academic spin-offs in Italian universities for the period 2000-2012. The availability of longitudinal data for such a long period allows us to analyse the

relation between the investment in financial and human resources in TTOs and the set-up and subsequent growth of spin-offs, by taking into account other factors that may affect the creation and growth of spin-offs, such as the characteristics of the university and of the local context.

As dependent variable we consider the number of academic spin-offs set-up in Italian universities. Data about spin-offs refers to the population of academic spin-offs set-up during the period 2000-2012.

### **Results and implication**

This paper analyses the interconnections between the creation of spin-offs and the establishment and role of TTOs. It investigates whether the set-up of spin-offs has determined PRI's investment in TTOs or if the causal relationship goes in the opposite direction.

The paper demonstrates the complex relation between the entrepreneurial orientation of academics and PRIs. In several cases, researchers and PhD students have reacted more quickly than the universities or PRIs to the new opportunities especially given the organizational rigidity that characterizes these organizations.

## **The Role of Openness in the Relationship between Innovation and Internationalization**

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Key Words: Innovation, International, Openness, Performance

Track: Innovation

Paper Title: The Role of Openness in the Relationship between Innovation and Internationalization

Aim of the Paper

Firms across industries are externalizing their innovation processes by acquiring external resources and capabilities through, for instance, collaborating, licensing, strategic alliances and user integration (Wynarczyk et al. 2013). This does not apply to large firms alone, but also smaller and medium sized firms are experimenting with openness to improve their innovation performance (van de Vrande et al. 2009; Lee et al. 2010). Likewise, collaborative modes are seen to improve entry to new, foreign markets (Coviello & Munro 1997; Perks & Jeffery 2006).

However, only a small number of empirical studies have attempted to assess the impact of open innovation practices on the international success of small and medium sized enterprises (SMEs) and their business performance (Wynarczyk et al. 2013; Clausen & Pohjola 2009). This limited research argues that external factors such as open innovation practices are becoming more important, as the international competitiveness of the firm depends upon the speed and timeliness of how innovative or technological ideas and scientific discoveries are transformed into new and novel products and services, and brought to market. Clausen and Pohjola (2009) argue that not only internal capabilities, but also open innovation practices influence the speed and degree of international market penetration.

The aim of this study is to contribute to this discussion by exploring the impact of openness on the two-directional innovation-internationalization relationship within the context of SMEs. Openness is characterized with collaborative, interactive nature (Laursen & Salter 2006) and is generally defined by various forms of relationships with external actors (Dahlander & Gann 2010). West et al. (2006, 286) describe open innovation both as a set of practices for profiting from innovation, and a cognitive model for creating, interpreting and researching these practices. Open innovation practices refer to idea and innovation sourcing from external sources, external R&D outsourcing, collaboration and networking with varying parties for innovation. Also handling the issues related to intellectual property protection is often considered (Spithoven et al. 2012; Dahlander & Gann 2010; van de Vrande et al. 2009).

In this study, we consider open innovation both in terms of breadth, i.e. the number of different types of collaborative partners (some closer to the focal organization, some more distant), and depth, i.e. the extent to which these collaborative partners are relied on for different internal organizational processes that are needed to take a product or process into markets (R&D, manufacturing, marketing, distribution). In other words, we take a broad view in investigating whether openness plays a role in the two-directional relationship between innovation and internationalization.

Background Literature

Although SMEs comprise the largest number of companies in developed economies, mainstream open innovation literature has tended to exclude them from focus of research (Van de Vrande et al. 2009; Lee et al. 2010; Gassmann et al. 2010). Within earlier research, the concept has strongly been linked to large companies and corporate R&D activities (Enkel et al. 2009). Only in the past few years, also the SME domain has started to gain attention (Gassmann, 2010; Spithoven et al. 2012; Wynarczyk et al. 2013). Therefore, little attention has also been given to SMEs in terms of the relationship between international business and innovation (Chetty & Stangl 2010). The role of innovation and internationalization is only emerging as an area of academic research. Even though some researchers have explored the individual entrepreneurial dimensions in relation to, for instance, exporting, overall studies on internationalization are lacking (O'Cass & Weerawardena 2009). Rather, innovation, entrepreneurship, and internationalization have been addressed separately in distinct bodies of literature (Onetti et al. 2013). More integrative research is needed, both of quantitative and qualitative nature (Onetti et al. 2012; Chetty & Stangl 2010). This research further aims at

contributing to this overall perspective and bridging these three fields together.

Another important issue that calls for attention is that both innovation and internationalization literatures have mainly focused on technological and product innovations (Chesbrough & Crowther 2006; O’Cass & Weerawardena 2009; Peiris et al. 2012). However, technology alone is not an innovation, but innovation is created by combining technology and market need (Mainela et al. 2011). Service and process innovations may equally enable firms to pursue access to international markets (Chetty & Stangl 2010), and international markets may give start to these types of innovations (Kafouros et al. 2008). Traditionally, innovation and internationalization have been considered as alternative growth options, occurring occasionally in the case of innovation, and incrementally in the case of internationalization (Onetti et al. 2012). Both processes are driven and influenced by the exploration and exploitation of new knowledge, which is embedded in different locations, as well as different social and inter-organizational, globally dispersed ties (Onetti et al. 2012).

Today, especially for young technology-based and knowledge-intensive firms, innovation and internationalization are more likely to be instantaneous, fast, and inter-related (Peiris et al. 2012; Kafouros et al. 2008, Kyläheiko et al. 2010). For smaller firms, an important implication speaking for the concept of open innovation is that openness can be seen as a new route to build competitive advantage: by opening their innovation process and cooperating with companies that have the assets they require, SMEs are able to overcome the “liability of smallness” also related to internationalization (van de Vrande et al. 2010). This can be a challenging task (Gassmann et al. 2010) and benefiting cannot be taken for granted. Earlier literature is still inconclusive in terms of whether firms really benefit from openness, especially considering internationalization-innovation relationship.

## Methodology

Literature review and theoretical examination is utilized to develop hypotheses on the effects of openness on the possibilities of innovation to promote internationalization and vice versa. Empirical evidence is derived from a quantitative study conducted in Finland in 2013. The data were collected through a structured questionnaire utilizing the key-informant technique. The initial population comprised cross-industry sample of Finnish medium-sized companies that have at least 50 employees and 5 million euros revenue so as to make sure that the firms have adequately established organization, processes and routines. Total of 2451 companies were identified at that point as suitable for the sample. Of the 2451 companies, 1034 were reached after several attempts, and 637 companies agreed on answering in the survey. Final data was collected from 98 firms, representing a response rate of 15.4 % (98/637). Most of the respondents were CEOs, but there were some R&D managers, technology managers, owners and chairmen of the board, which affirms their seniority and key position in the company. Correlation matrix gave the first overlook on the findings and hierarchical regression analyses were utilized in testing the hypotheses.

## Results and Implications

Our findings suggest that R&D intensity, first and foremost, assist emergence of new innovation that can then be utilized in different markets. International experience, on the other hand, is related to internationalization-innovation relationship: The more experienced the firm is, the more it considers internationalization to assist innovation (at the earliest stages of internationalization it still may be difficult to harness the new business environment for improving innovation). The relationship between innovation helping internationalization and experience might be somewhat weaker since experience is not needed if the firm has an innovation that assists market entry and international operations, although experience also helps.

Moving to the actual hypotheses, support can be found for openness in terms of collaboration partners and activities having a positive effect on the perceived possibilities of innovation to improve internationalization (H1) and openness in terms of collaboration partners and activities having a positive effect on the perceived possibilities of internationalization to improve innovativeness (H2).

Track Title: Innovation; Firm Performance.

Paper Title:

## **Brazilian Innovator´s SME are really different from the non-innovator?**

**Key words:** SMEs; innovation indicators, organizational performance

### **Aim of the Paper**

The purpose of this article is two-fold: the first is to analyze the existing relationship between the typology developed by small and medium enterprises (SMEs) – *Stricto-sensu* Innovators (SSI), *Lato-sensu* Innovator (LSI) and Non-Innovator (NI) – and the organizational performance (OP) achieved by them. The second is to verify in the class of innovative enterprises (SSI and LSI) what the relations between the innovative inputs and outputs in the dimensions created for this end are.

### **Background Literature**

The motivation for this study can be synthesized in three different aspects. The theoretical, which suffers from the lack of more general and systematic studies on the innovation and organizational performance in Brazilian SMEs. In Brazil there is very little available information on SMEs, especially on the subject of the innovative capacity of such enterprises and their organizational performance, with a few exceptions (Marcovitch, Santos and Dutra, 1986; Stefanuto, 1993; Ferro and Torkomian, 1998; Fernandes, Côrtes and Oishi, 2000; Pinho, Côrtes, and Fernandes, 2002; Sbragia and Stal, 2002; Terra and Kruglianskas, 2003). However, those works have addressed more exploratory and demographical issues and have used small samples (case studies and regional samples).

The second aspect is the economic. There is much evidence coming from the studies related to the neo-Schumpeterian evolutionary theory of economic change (Freeman, 1974; Nelson e Winter, 1982; Rosenberg, 1982; Dosi, 1984) to support the existing relationship between economic growth and innovative activities.

The third aspect deals with the important role played by SMEs in socio-economic development. Seminal studies such as Birch's (1981, apud OECD, 2002; Rothwell and Zegveld, 1982; Acs and Audretsch, 1990) revealed the dynamism, job creation effect, and innovative capacity of these enterprises. Recently, studies from Souitaris (1999), Arvanitis, and Hollenstein (2001), De Jong and Marsili (2006) also emphasized these characteristics and also employed taxonomy and typologies – as we present here – to identify innovations patterns. Obviously, the use of taxonomy and typologies are long-standing in social science. It is useful in the classification of objects that, if analyzed on the ground (one-by-one), would most likely not recognize any patterns (Archibugi, 2001). It has been constantly employed, specifically in administrative and economic sciences\*: Porter's Generic Strategies (1993), Ansoff's Product/Market Matrix (1957), and Miles and Snow's Typology (1978). Besides the afore mentioned, in the field of Innovation Economics, Woodward's work (1965), Freeman's Typology of Technological Strategies (1974), and certainly one of the most influential in this field, Keith Pavitt's Taxonomy (1984) can be highlighted.

### **Methodology**

The methodology involved the creation of a number of indicators aiming at evaluating the dimension of the innovative inputs and outputs and organizational performance. Tests of significance, employing standardized difference (or Cohen's d), and analysis of variance (ANOVA) were employed in order to access the differences between the averages of the created indicator throughout the classes of the enterprises of the typology. The use of the research entitled "Brazilian Innovation Survey (PINTEC)", conducted by The Brazilian Institute of Geography and Statistics (IBGE) as the main source of data is due to the fact that this is the only national research that covers a wide range of issues related to the innovative activities of the enterprises, grounded in widespread theoretical considerations and applied by the majority of the countries composing the Organization for Economic Co-operation and Development (OECD).

### **Results and Implications**

The findings have pointed out to the existence of different patterns of organizational performance among the created classes of typology. We relied on the meaningful and positive relationship, which states that the greater the degree of innovativeness of an enterprise, the greater are their indicators of organizational performance. Considering only the innovative enterprises, it was also possible to verify and validate the hypothesis that indicators of innovative efforts keep a strict relationship with those of outputs one reached. Besides, the typology has shown that there is great technological heterogeneity among the Brazilian innovative SMEs, where instead of diversity there is discontinuity between what a group does and what is obtained as innovative result.

One of the study's implications relates to public policies that promote PME's innovation. In case the policy makers use, for example, information from the typology, there would be more efficiency in running such policies once enterprises of given group, with their own specifics, are found in many different sectors. Another implication takes place in the evaluation/monitoring field, because this study shows a robust methodology which can be used repeatedly over time in order to measure advances or setbacks between enterprises in each group (each new enterprise in a new research can be categorized among the classes of the typology using, for example, the statistic technique known as discriminant analysis. Managers concerned about boosting their companies innovative performance will find in this work a benchmarking tool, because the typology classes (its groups) represent distinct patterns with a detailed description of the efforts made by these enterprises, their sources, the kind of partners with whom they keep cooperation relationships, the organizational changes they perform, and, finally, their organizational performance.

**Cherry Picking or Forming Winners?  
The Long-Term Performance of New Venture Capital Financed Swedish Firms**

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Venture capital, Performance, Growth, Entrepreneurial finance

## **Track Title: Firm Performance**

### **Paper Title: Cherry Picking or Forming Winners? The Long-Term Performance of New VC-Backed Swedish Firms**

#### **Aim of the Paper**

This study focuses on the long-term firm performance of venture capital financed firms and to what degree that performance could be explained by either pre investment conditions and configurations OR post investment value creation.

Indeed, new innovative firms are generally started with the help of external resource providers. To this end, venture capitalists (VCs) serve a critical role as intermediaries between funds and entrepreneurial new firms in need of capital (Wright and Robbie, 1998). The skills of VCs in selecting and governing their investments is a fundamental prerequisite for their existence, one that gives them a comparative advantage over other (passive) investors (Amit et al., 1998).

Even though VC financed firms are often found to perform better than non VC financed firms, and despite considerable research on the value adding activities of VCs, very few studies have actually managed to empirically identify if and how VCs involvement in new firms actually has a positive effect on business performances (Braun et al., 2004; Manigart et al. 2002). A contradiction in VC research is that while many researchers have found that active involvement of VCs adds value to their investments (e.g. Gorman and Sahlman, 1989; MacMillan et al., 1989; Sapienza et al., 1996; VanWakeren et al., 1989), very few have managed to empirically show that this value adding has an effect on long-term firm performance. There are, in fact, some studies that even demonstrate that the degree of involvement by VCs is actually negatively related to firm performance (Fredriksen et al., 1997; Gomez-Mejia et al., 1990). Based on this "state-of-the-art" of the VC literature, one can wonder whether the performance of VC financed new firms is an effect of skilled selection (picking winners) or good post investment management by the VCs (Baum & Silverman, 2004)? When VCs take an active governance role in the invested new firm, which can happen, for example, by active participation on the board of directors, acting as a sounding board, and monitoring financial performance (e.g. Cornelius and Naqi, 2002; Ehrlich et al., 1994; Gorman and Sahlman, 1989; MacMillan et al., 1989; Sapienza and Timmons 1989). The basic premise of this approach is that through their active involvement in the new firms VCs transform their competences (e.g. skills, networks, reputation etc.) to new firms thereby ensuring future performance and contain uncertainties. As a consequence, VCs involvement can be an important source of changes in the business model of a start-up firm, and therefore warrants special attention in any attempt to understand the role of critical events in the development of new start-up firms.

Based on this "state-of-the-art" of the field, one can wonder whether the performance of VC financed new firms is an effect of skilled selection (picking winners) or good post investment management by the VCs (Crocea et al, 2013; Bertoni, Colombo, & Grilli, 2011; Tian, 2011; Baum & Silverman, 2004)? As a step towards exploring this issue, our main objective in this study is to investigate the factors impacting the long-term performance of VC financed new firms. We focus especially on how the initial characteristics of new firms and VC involvement during the investment period impact the long-term performance of the new firms (until the exit of VCs).

#### **Background Literature**

In order to explain long-term performance of new firms, we lean on two different theoretical perspectives. First, we claim that the seeds of long-term performance of new firms are laid at the time of the initial VC investment. The basic premise of "cherry picking" is that it is possible for VCs to recognize the "best" new firms by looking at the initial characteristics of the new firms, and by this, select those ones that have the most promise for future growth. In other words, VCs select to invest in new firms that are believed to be "winners" from the beginning. Moreover, the implicit belief of this kind of thinking is that there are certain initial characteristics that have long-term effects on the development of new firms. When translating these ideas into our context, we propose that the characteristics of new firms at the time of VC investments can have long duration effects that imprint the new firm and impact its future performance (c.f. Bamford, et al., 1999). As such, we hypothesize that (H1) the initial characteristics of a new firm (e.g. human capital, size, stage of development, business risk, cash flow) at the time of VC initial funding have a long-term effect on its performance.

Second, we build a counter argument to the previous approach by claiming that it is the involvement of the VCs in the new firm that contributes to the long-term performance of the new firms. Indeed, VCs can take an active governance role in the invested new firm. This involvement in a new firm can happen, for example, by active participation on the board of directors, acting as a sounding board, and monitoring financial performance (e.g. Cornelius and Naqi, 2002; Ehrlich et al., 1994; Gorman and Sahlman, 1989; MacMillan et al., 1989; Sapienza and Timmons 1989). The basic premise of this approach is that through their active involvement in the new firms VCs transform their competences (e.g. skills, networks, reputation etc.) to new firms and by that ensure future performance and contain uncertainties. Moreover, there are at least four notions that contribute to VC involvement and result positive performance outcomes in new firms, namely

governance, trust, VC share, and duration. As such, we hypothesize that (H2) VC involvement (governance, trust, VC share, duration) in a new firm during the investment period has effects on the long-term performance of a new firm.

Finally, research on initial founding conditions has shown that these conditions, by and large, imprint the subsequent development and performance of new ventures and organizations in general (Boeker, 1988; Kimberly, 1975; Kelley and Rice, 2001; Lawrence, 1984). Milanov and Fernhaber (2009) trace the notion of imprinting back to Stinchcombe (1965), who argued that a new organization's subsequent performance is significantly affected by conditions and events surrounding its founding. When translating these ideas into our context, in essence, the decisions made by entrepreneurs and VCs at the time of VC investments can have long duration effects that imprint the new ventures and impact its future performance (c.f. Bamford, et al., 1999).

## Methodology

A sample of 282 newly VC financed firms in Sweden was identified 2002. We then collected data about these venture capital backed young firms using different methods over a ten-year period. First, a questionnaire was sent out to the entrepreneurs in mid-2002. After two reminders, we got 152 responses (54% response rate). The questionnaire included items related to the independent variables (i.e. left side) of our conceptual model. These measures are, as far as possible, adopted from previous research on venture capital governance (Barney 1989, Gupta and Sapienza 1994) and on trust (Sapienza et al., 2000, Shepherd and Zacharakis 2001). Second, we collected annual report data for the same firms up until the venture capital firm exited the investment, or to present if they still are involved (e.g. a ten-year period from 2000 to 2010). This data contain information on financial profitability and growth of the firms during the whole process. Third, a questionnaire was sent to the same sample of entrepreneurs in late 2012, ten years after the first questionnaire in order to collect information on the entrepreneur's perception on the entire VC process (from entry to exit). By April 2013, we got 104 answers from the original 2002 participants (i.e. covering 60 % of the firms participated of the 2002 survey).

Hence, our sample consists of 104 young firms over their full venture capital cycle (i.e. from the very early first investment to the exit) with questionnaire data from 2002 and 2012 complemented with a full set of financial data.

**Independent variables:** Measures of pre investment conditions includes: Size, stages of development, risk (Z-score), cash flow, human capital.

Measures of post investment value creation includes: Frequency of interaction, Board activity, Non-financial value added contributions (8-items), overall perception.

**Dependent variable:** In order to measure effects on performance we decided to use growth as our main performance variable. In order to capture as broad picture as possible we measure growth both in relative terms (e.g. average growth rate) and in absolute terms (e.g. size at exit). The focus on growth as our performance measure relative other possibilities (as profitability) are motivated by that VC investment often do not reach a measurable financial performance before the exit. Using different measures of growth, such as sales and employment growth, as measure of performance is a common in previous studies on venture capital financed firms (e.g. Bottazzi and Da Rin, 2002; Bottazzi et al., 2008; Davila et al., 2003; Gompers and Lerner, 2001).

## Results and Implications

We failed to observe a strong link between post investment value creation and performance of new ventures during the VC involvement in those ventures. Pre investment conditions dominates post investment value creation in terms of effect of future firm performance.

In terms of explaining growth in new ventures, venture related characteristics and conditions seem to offer more predictability than VC related factors. Indeed, the initial sales level and the threat of substitutes seem to make the most significant contribution to different growth measures. This holds both to growth in sales and assets: the lower initial sales and less threat for substitutes, the better growth in sales and assets. A small nuance in this tendency is related to growth in employees: it is impacted only by the threat of substitutes. The lower the level of threat of substitutes, the faster the growth in employees.

In terms of explaining performance of young ventures at the time of VC exit, the explanatory mechanism changes. Indeed, it seems that the level of sales, employees, and assets at the time of VC exit can be explained by looking at only one factors, namely the asset level at the time of VC investment: the higher the assets at the time of VC investment, the higher the level of sales, employees and assets at the time of VC exit.

As a conclusion, our preliminary findings indicate that VC related (post investment) factors do not seem to explain firm performance. The first implication of that finding suggests that the venture capital investment selection process is the key factor for a successful venture capital investment. A possible explanation of poor post investment effects on performance of venture capital involvement could be that VC involvement becomes more intense when the need for monitoring is greater.

However, our observation suggests the post investment firm performance is mostly be related to picking the “winners”, taking a good ownership share and involve in active monitoring only when it’s needed. A practical implication for venture capital investors of our findings is that they should pay attention to the initial venture characteristics (e.g. initial sales level, asset level, stage of development) and external conditions (e.g. business risk). An implication for entrepreneurs seeking venture capital might be to pay extra attention to initial conditions when seeking vc-investments.

## **Entrepreneurship Trumps Ageism**

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Key Words:

Senior, Entrepreneur, Self-employment, Economy, Aging, Improvisation

Track Title: Education

Paper Title: Entrepreneurship Trumps Ageism - An International Collaboration Catalyzing Senior Entrepreneurship and the Art of Improvisation to Ignite New Engines for a New Economy

#### Aim of the Paper

- Greater understanding of the social, environmental, and economic impact of senior entrepreneurship in our global longevity economy
- How to ignite ideas through ET&A® (Entrepreneurial Thought and Action) and Improvisational Tools for seniors to re-imagine/renew their lives rather than retire from them
- How to harness the individual and collective experience of older adults to boost prosperity for all ages
- How to build an infrastructure of cross-sector support (programs, capitalization, policy and research) for senior entrepreneurship

#### Background Literature

In the United States it can take 3 times as long for unemployed people aged 50+ to be rehired, if they are fortunate enough to find another job. Many are turning to self-employment and entrepreneurship to reboot their careers and sustain their economic self-reliance. Recent research in the United States from the MetLife foundation documents 25 million boomers want to start their own businesses, and, according to the Kauffman Foundation's Index of Entrepreneurial Activity, 1 in 5 new entrepreneurs in 2011 were aged 55-64; almost half of all new entrepreneurs were between the ages of 45 and 64 and this cohort continues to grow. In the UK, 'third age' entrepreneurs are responsible for over one quarter of new start-ups. The 2013 GEM (Global Entrepreneurship Monitor) data documents that 50% of new businesses launched by individuals aged 50+ are still in business after five years. Contrast this to the US Bureau of Labor Statistics (BLS) and the Census which note: "The typical new business started in the United States is no longer in operation five years after being founded." Often, too, as this NY Times article, [Retiree Start-ups with Age and Youth as Partners](#), indicates, seniors are working hand-in-hand with the younger generation to create new businesses.

The longevity economy – understanding and capitalizing on it - can be an important part of the solution to the economic challenges of many aging societies. It's a powerful opportunity driven by dramatic demographic shifts, and seniors' new businesses stimulate job creation, growth, and prosperity for all age groups.

#### Methodology

This 90 minute workshop, captures the two day eProv Studio experience, designed to help adults aged 50+ who wish to start a business. eProv combines the principles of ET&A® (Entrepreneurial Thought and Action) and Improvisation (which humanizes ET&A®) to help adults optimize their transition into a new life of meaning, purpose, and economic security. In this highly interactive workshop participants play with options - to test what might be possible by acting, learning, and building on possibilities in a community of others also eager to explore their options. They will begin with a self-assessment to discover what they know and what they can carry forward into their encore career. Such workshop exercises as, acting games, art, and puzzles help participants with language and identity, test ideas, identify what will work best (there are no failures in improv), learn, and create anew. At the end of the workshop participants will have an actions blueprint so they can continue to practice and build upon what they have learned.

#### Results and Implications

Greater understanding of the social, environmental, and economic impact of senior entrepreneurship in our global longevity economy.

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WORLD  
CONFERENCE ON  
ENTREPRENEURSHIP



# **THE BUSINESS MODEL CANVAS: ENTREPRENEURIAL CLASSROOM APPLICATIONS**

## **WORKSHOP PRESENTATION PROPOSAL**

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### **ABSTRACT**

There has been considerable discussion and debate about the ability to teach entrepreneurship. This is not a new phenomenon. Most recently, however, this discussion has turned to, not whether we can teach entrepreneurship, but rather are we teaching it the right way. Neck and Greene (2011) called for a re-evaluation of pedagogy to focus on teaching entrepreneurship from a methods approach. Instead of dismissing the ability to teach entrepreneurship, the authors provided a warranted call for pedagogical improvements. This workshop is intended to answer that call and recommend an implementable approach to teaching entrepreneurship using the Business Model Canvas.

### **INTRODUCTION**

Many faculty members in the field of Entrepreneurship give very little thought to the relevance and efficacy of teaching the concepts of entrepreneurship in higher education. We, **a priori**, assume away the controversy that has existed for a number of years. We know it is an important concept, our students seem excited, and sometimes we even bring upon us resentment and the wrath from other academics from other disciplines—which we interpret as we must be doing something right. Recently, however, our framework of complacency was called to task by two of the discipline’s leaders in entrepreneurial pedagogy (Neck and Greene, 2011). The

authors challenged the field's academic community to begin approaching our teaching from a methods perspective. It was clearly and carefully pointed out that:

“The current approaches to entrepreneurship are based on a world of yesterday—a world where precedent was the foundation for future action, where history often did predict the future. Yet entrepreneurship is about creating new opportunities and executing in uncertain and even currently unknowable environments (p. 55)”

The purpose of this workshop is to operationalize the method approach of teaching entrepreneurship as supported by Neck and Greene through the use of the Business Model Canvas. The approach of using the Business Model Canvas meets the six characteristics as defined by Neck and Greene in that it: provides a set of transferable skills and techniques for new venture creation; students walk away with a toolkit applicable for all startups; is founded on and reinforces the creative problem solving process; relies on iterations for optimal results; encourages experimentation; and is practiced again and again—not just in one class but across the curriculum.

## **LITERATURE REVIEW**

As mentioned in the introduction, the debate of the efficacy of teaching entrepreneurship continues to exist (Wasserman & Hwang, 2012). This is true even after many successful programs have evolved across the nation (and the world). Much of the controversy is as Neck and Greene point out due to the focus of coverage in many of those programs.

Unfortunately this has led to most entrepreneurship programs focusing on operational skill sets that justify the acceptance of teaching these concepts to our students. For the most part, we are still enamored with focusing on the business plan (Solomon, 2007; Neck &

Greene, 2011; Blank, 2012). This is especially true in many of the new international initiatives (Kobia, 2010; Kirby & Ibrahim, 2011; Mwasalwiba, 2010). Or as Neck and Greene emphasize, “the analytical approach of teaching opportunity evaluation, feasibility analysis, business planning and financial forecasting is the cornerstone for most entrepreneurship curricula today” (p. 57).

Few programs have truly embraced the methods approach of teaching entrepreneurship. While there are many ways of moving to this more inclusive process, this workshop focuses on the use of the Business Model Canvas as a means to this end.

### **THE BUSINESS MODEL CANVAS**

The Business Model Canvas is a tool that was created by Alexander Osterwalder to help reach his aspiration “to change the way people design, test, and build strategies and businesses...[with the intent of] bringing the best conceptual tools out there online and making them so useful, practical and attractive that no business person can resist” (Business Model Alchemist Blog). Even with its considerable acceptance, however, Osterwalder (2012b) has found that there is a disparity in the sophistication levels of users. He has described these levels of sophistication as:

- Level 0 Strategy – The Oblivious: Focus on products/value propositions alone rather than the value proposition AND the business model.
- Level 1 Strategy – The Beginners: Use the Business Model Canvas as a checklist.

- Level 2 Strategy – The Masters: Outcompete others with a superior business model where every one of the business model building blocks reinforce each other (e.g. Nintendo Wii, Nespresso, Dell).
- Level 3 Strategy – The Invincible: Continuously disrupt themselves while their business models are still successful (e.g. Apple, Amazon.com). (Business Model Alchemist Blog)

While the idea of a business model is a well-established principle in strategic management circles, it has mostly been used as a descriptor rather than a tool for “managing” operational concerns of a business. Business Modeling (not to be confused with this business model) is a rapidly growing area in entrepreneurship. While this new interest has been primarily in the practitioner side, recent activity is being seen on the academic side as well (Solaimani & Bouwman, 2012; Lindgren, 2012).

As suggested by Solaimani and Bouwman (2012), there are many theoretical concepts and ontologies but few have utilized these frameworks for strategic purposes. This omission has perpetuated the “lack of alignment between strategic ‘what to do’ and the operational ‘how to do it’ (p. 655). The Kaufman Foundation recognized this omission in the space occupied by SME’s and funded a major project to use this process to support innovation (Lindgren, 2012). Even the United States Association of Small Business & Entrepreneurship (USASBE) got on board at its last annual conference to hold special workshops of the increased use of the tool.

The purpose of this workshop is to assist in moving the use of this process beyond the naïve level to a more sophisticated toolkit for students across various entrepreneurial programs. Our program has fully embraced this tool and would like to share some of the approaches we use with our students.

## **WORKSHOP OUTLINE**

Overall discussion within this workshop will focus on the six characteristics of a methods approach in teaching entrepreneurship and how the Business Model Canvas expedites that approach to teaching. It will first be demonstrated that, when used appropriately, the Canvas provides and reinforces skills necessary for the launch of any new business—especially high-growth ventures that should be scaled. The toolkit that our students walk away with after completing the class and can use in the other parts of the curriculum is highlighted. Because our overall curriculum is built upon creative problem solving, creativity lies at the heart of the discussion. The concept of improvement through iterative demonstrations using the Canvas is presented. Experimentation by applying visualization and design is key to applying the Canvas. Finally, practice is presentation of the Canvas to multiple reviewers is discussed.

The outline of the material is provided below:

- The Business Model Overview
  - The Nine Building Blocks
  - Patterns
  - Design
  - Visualization
  - Implementation
- The Business Model Canvas
  - The Concept Statement
    - Job to be Done
    - Addressable Market
    - Solution (Business Idea)
  - Flow of the Elements and iterations
  - Presentation of idea

## **CONCLUSION AND VALUE PROPOSITION (SO WHAT!)**

Attendees in this workshop will leave with a toolkit necessary to effectively use the Business Model Canvas applicable to numerous courses in Entrepreneurship. These skills will allow instructors within the field to focus on what Neck and Greene (2011) consider important in advancing pedagogy within the discipline. And, to focus their attention on providing a gateway to the competencies needed by their students in entrepreneurship (Morris, Kuratko, and Cornwall, 2013)

**Track Title:  
Small Business Management**

**‘Bricolage’ in Microfirm Management:  
an Exploratory Study of IS Management Practices**

**Aim of the Paper**

The purpose of this research is to investigate the relevance of ‘organizational bricolage theory’ for microfirm management. This theoretical framework provides a new perspective for entrepreneurial and IS (information system) literature (Ferneley & Bell, 2006; Desa & Basu, 2013). For this research, we focus on IS management to explore this field. Indeed, microfirms are characterized by simple decision tools and low formalization (Ciborra, 2002). Literature also admits that microfirms are marked by the omnipresence of their owner-managers, who generally develop intuitive strategies based on subjective decisions (Marchesnay, 2003; Dane & Pratt, 2007). In order to better understand the modalities of bricolage of microfirms, we realized 61 semi-directive interviews with French owner-managers.

**Background Literature**

Several studies have shown the role of IS in the survival and development of small businesses (Levy, Powell & Yetton, 2002; Francalanci & Morabito, 2008; Winter, Gaglio & Rajagopalan, 2009). Perks (2010) also showed that IS can cause growth problems because of its inadequacy or inability to provide relevant information for decision-making. Literature admits that the implementation phase determines the use and therefore the success of the IS. The literature review of the paper will address these two stages of the IS lifecycle.

Over the last ten years, the theory of “organizational bricolage” has become increasingly widespread in entrepreneurship (Baker & Nelson, 2005; Phillips & Tracey, 2007; Duymedjian & Rüling, 2010; Desa, 2012; Fisher, 2012; Halme, Lindeman & Linna, 2012; Salunke, Weerawardena & McColl-Kennedy, 2013; Desa & Basu, 2013) and in information system literature (Ciborra, 2002; Verjans, 2005; Garud & Karnøe, 2003; Ferneley & Bell, 2006). First introduced by Levi-Strauss in 1966, bricolage is defined as the act of making do with what is available, and of combining (tinkering) the available resources in order to create new opportunities (Baker, 2007). This concept implies a certain amount of improvisation, mixing the organized and the spontaneous, the routine and the non-routine, and the automatic and the well-thought-out in everything, from decision making to innovation practices (Duymedjian & Rüling, 2010). It thus requires a high capacity for adaptation in unstable situations. In SMEs, the authors observe that organizational bricolage manifests as a process of continuous knowledge production in response to problems and the creative exploitation of available resources.

Literature distinguishes “necessity bricolage” and “strategic bricolage” (Jaouen & Nakara, 2013). Necessity bricolage implies a provisory action which obliges the owner-manager to exploit available resources in a basic and a low-cost way. Some firms, on the opposite, voluntarily use bricolage in order to recombine the available resources to develop new ideas and create value. This is called strategic bricolage. We will develop these two concepts in the paper.

Most studies which focus on small businesses indicate the relevance of bricolage concept, but there are still few empirical studies which describe bricolage practices and their managerial consequences (Monnoyer-Longé, 2003; Ferneley & Bell, 2006). This is the aim of this research.

## Methodology

This research is qualitative and based on 61 interviews with microfirm owner-managers. The sample is constituted by firms of less than five employees operating in traditional sectors: trade, industry, craft, and services. We used a pre-structured interview guide divided into pre-defined topics: history and activity of the firm, aspirations and aims of the owner-manager, growth intention, competences and resources of the firm, IS and information technologies, implementation process, perception of the tools, operating mode, decision-making processes. For better analysis, we grouped the tools into three categories:

- Company websites, owner-manager emails, blogs, Facebook group and other “*Communication*” tools,
- “*Monitoring*” tools, i.e., previous sales and margins, customer tracking (sales, reminders, late payments),
- And “*Forecasting*” tools, e.g., sales forecasting.

We used discourse analysis based on thematic content analysis (Miles & Huberman, 1994), which allowed us to classify the data into categories as ideal-types. The raw database was then analyzed using thematic encoding and implementation of matrices, both intra-site (individual analysis of each firm) and inter-sites (comparative analysis of the firms to establish groups). The triangulation of data and the heterogeneity of the sample suggested that these results show acceptable internal and external validity.

The data analysis was conducted in two steps. First, we analysed the IS implementation and use in micro-firms. Two types of bricolage emerged: ‘necessity bricolage’ and ‘strategic bricolage’. The second step consisted in analysing the characteristics of each group.

## Results and Implications

The discourse analysis on the topics “implementation process” and “operating mode” showed the regular presence of the occurrences “adapt/adapted” (37 occurrences), “particular” (31 oc), “personalized” (25 oc), “tinkered” (24 oc), “according to the needs” (19 oc), “create/created” (18 oc). The owner-managers either created the tools themselves, adapted them from standard software, or “borrowed” them from colleagues or friends and family.

The data analysis then revealed two lexical groups.

- The first group contained 34 firms and the main terms related to *practicality*. In this group we found the following occurrences: “quickly”, “minimum”, “simple”, “practical”, “sufficient”, and the notion of lacking time (“no time”, “few time”, “not enough time”). We linked this group to ‘necessity bricolage’. Necessity bricolage implies a provisory, constrained, basic and reactive practice.
- The second group contained 22 firms and the main terms related to *efficiency*. In this group we found the following terms: “unique”, “in each case”, “differentiate/differentiating”, “created”, “synthesis”, “computerized”, “web/Internet”, “efficient”. The owner-managers spoke about “gaining time”. We linked this group with ‘strategic bricolage’, because it implies the creation of new resources and a voluntary combination of available resources in order to create new opportunities.

The second step of the analysis consisted in analyzing the characteristics of the two groups. Table 1 shows the main results. One topic was particularly relevant and distinctive: the “perception of the tools”. Indeed, the ‘necessity bricolage’ group was linked to a *Constrained* perception, whereas the group ‘strategic bricolage’ was linked to an *Anticipation* perception.

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\* The number of occurrences corresponds to the number of times the word appeared in the interviews.

**Table 1. Characteristics of the groups**

<i>Themes of the interview guide</i>	<b><i>Necessity bricolage</i></b>	<b><i>Strategic bricolage</i></b>
	<i>Constraint</i>	<i>Anticipation</i>
<i>Perception of tools</i>	Difficult Boring Administrative Financial	Differentiating Key Spontaneous Necessary
<i>Strategic goals for the firm</i>	Smallness Newness Sustainability Survival	Development Growth Opportunity Competitive advantage Employment
<i>Personal aspiration</i>	Pleasure Quality of life	Success Performance
<i>Growth intention</i>	No (96%)	Yes (64%)
<i>IS Competences within the firm</i>	None (40%) Owner-manager (30%) Employee (30%)	Owner-manager (73%) Employee (23%)
<i>Main IS/IT used</i>	<ul style="list-style-type: none"> <li>- Website (30%)</li> <li>- Limited use of monitoring tools (35%)</li> <li>- Preference for manual tools (schedules, binder, notebook)</li> <li>- Externalized accountancy</li> <li>- Limited use of forecasting dashboard (7%)</li> </ul>	<ul style="list-style-type: none"> <li>- Website (59%), Extranet (8%), blog and social network (7%)</li> <li>- Several independent IS, sometimes integrated: customer database or CRM (100%), supplier database (45%), financial spreadsheet (100%)</li> <li>- Preference for computerized IS</li> <li>- Accountancy software and/or externalization</li> <li>- Project management (18%), forecasting dashboard (100%)</li> </ul>

Necessity bricolage in micro-firm seems to be mainly linked to cost control and is characterized by a certain improvisation. Indeed, the implementation is adapted as needed or done under the guidance of personal network (family, friends, colleagues, accountant). The potential of the IS is only partially exploited. Owner-managers of this category create and implement IS in order to avoid a loss of information (high usage of notebook for example), rather than to create relevant information for decision support. The use is usually incomplete, *a posteriori* and not spontaneous.

On the opposite, strategic bricolage intends to optimize the internal organization. The objective is clearly to improve the coordination and the process efficiency. From an external point of view, the aim is to optimize flows with customers (communication, appointments, ordering, invoicing, online payment, recovery). If the IS is tinkered, it is "tailored" and regularly improved in order to increase its sophistication, in a search for greater efficiency.

From a theoretical perspective, this research contributes to the knowledge of microfirms and strengthens the validity of the theoretical framework of organizational bricolage, showing its applicability to businesses with fewer than five employees. In addition, tinkering with decision-making tools in microfirm may explain the intuitive decision making of owner-managers. Being locked in a short-term vision and a selective access and use of information, they "recover", "fit", and "reclaim" decision-making tools. This research also helps to deepen the knowledge of owner-managers, by establishing a link between strategy and behavior in the use of decision-making tools in firms of fewer than five employees.

From a managerial perspective, this research highlights the need to take into account the owner-manager aspirations in the use of tools that will be implemented. This research also clarifies how microfirms use the main tools for monitoring / forecasting and communication. Moreover our results show that the bricolage can be a source of creativity and inventiveness among owner-managers. They should help their employees to adopt this strategy.

## **Using Social and Digital Media to Teach Sustainable Entrepreneurship**

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Sustainability, education, social media, digital media

Track Title: Sustainability

Paper Title: Using Social and Digital Media to Teach Sustainable Entrepreneurship

Aim of Paper:

The millennial generation of students are digital natives coming to higher education with extensive experience in social media. Many are also coming with an intent to be entrepreneurs and to be involved in sustainability. They are also going to leave university and begin their careers with business and other organizations who are expect their new hires to have high proficiency in these technologies, too. We feel it is imperative, therefore, for educators to understand to how best to leverage students desires toward sustainable entrepreneurship by teaching in a digital friendly format.

The primary purpose of this trans-media workshop is to give participants an opportunity to view and discuss how digital media can be used to teach sustainable entrepreneurship. Our secondary objective is to use a social media tool (Twitter) to complement the traditional in person discussion associated with an interactive workshop and thereby demonstrate the utility of such an approach in the classroom. Finally, because this is an interactive format, we hope to get a sense of the current utilization, barriers and anticipated use of social media in university education.

Participants will use social media to interact with digital media around the topic of sustainable entrepreneurship education. The presentation highlights various types of digital media including a variety of types of short film (documentary, fiction, news, interview, etc.) and how it enhances the teaching of sustainable entrepreneurship in both traditional and non-traditional classroom environments. We anticipate the audience to participate in both suggesting additional content and in suggesting additional uses of digital media content.

Background Literature:

For purposes of this workshop, we define sustainable entrepreneurship as startups that have core principles based upon a triple bottom line approach incorporating environmental and social values in addition to the traditional economic approach.

We will start the workshop by showing a short fictional movie (less than 5 minutes in length) that provokes thoughts and emotions about the topic of sustainable entrepreneurship. After the movie concludes, we will ask the audience to describe the various themes of sustainable entrepreneurship that they would connect to this movie. The audience can participate in both a traditional setting (raising hands) and in social media (submitting thoughts to predefined Twitter hashtags). We then describe in detail how we positioned the movie in a class setting and the types of activities and additional resources we utilized to present the topic.

This can include academic articles, popular press, interviews (audio and/or video), case studies, news broadcasts, TV shows, independent movies (short, long), or anything else that exists in digital media format. We conclude this portion of the workshop by describing feedback we have received from students regarding the use of media in teaching sustainable entrepreneurship.

We then show a quick portion of several different types of digital media resources we have accumulated from public sources on the Internet that support or reinforce the key topics related to sustainable entrepreneurship such as:

- Identifying individual passion to find the appropriate sustainable projects and practices
- Understanding key areas of sustainable entrepreneurship such as energy, waste reduction, "green" supply chain, materials, sustainable consumers, etc.
- Sustainable entrepreneurial opportunity recognition
- Developing the sustainable entrepreneurship business model

We ask the participants how they would structure the learning objectives and course activities that utilize this media (e.g. discussion questions, assessments, exercises, role playing, etc.). Throughout the discussions, one of the session leaders is monitoring the Twitter hash tag feed that captures input from the audience and will periodically interject those thoughts into the live discussion.

The remainder of the workshop is devoted to getting audience participation both verbally and in the use of a simultaneous twitter feed to offer suggestions for additional digital media resources and potential applications for teaching.

#### Methodology:

The sustainability education resources presented in this workshop are gathered from a wide variety of media types and many have been used by one or more of the presenters in their online and traditional classroom courses. Moreover, this is an interactive research and discussion session. Attendees will be adding to the current state of the field through their participation in the exercises and discussions. Finally, all media and digital “conversations” and learning assets created during the session will be shared online to all participants.

#### Results and Implications:

This workshop provides exposure to a wide variety of digital media resources and their deployment using social media. Attendees will assist in the creation of a larger library of these resources for all to use in teaching their sustainability and entrepreneurship courses. In addition, the presenter's anticipate using the results of this workshop for future research.

# Interspace Learning in Entrepreneurship Education

By

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Keywords: interspace learning, entrepreneurial learning, problem based learning, experiential learning, entrepreneurship education

## *Abstract*

**Track title:** Education

**Paper title:** Interspace Learning in Entrepreneurship Education

### **Aim of the paper**

The aim of the paper is:

1. To present a pedagogy of entrepreneurship education based upon the principle of interspace learning in a business school context
2. To illustrate how entrepreneurship education could be designed on bachelor and master level based upon such pedagogy in a business school context.

### **Background literature**

Entrepreneurship education is on the political agenda of most countries today. More and more entrepreneurship education is celebrated as a highway for future wealth creation (Johansson and Rosell, 2012, Stevenson and Lundström, 2005). In Europe the European Commission has long supported the cause of entrepreneurship education and there have been national strategies and action plans developed in most EU countries to integrate entrepreneurship throughout the whole school systems (Eurydice, 2012). The idea behind this massive trend reflects a strong discourse that national and regional economies need new entrepreneurs (Tautila, 2010). At the same time there is an ongoing debate among higher education providers concerning the distinction between study of the topic (learning “about” and learning how to do (learning “for”). Tautila (2010) review some initiatives based upon experiential learning, radically emphasizing learning “for” entrepreneurship. The underlying assumption is that entrepreneurs (understood as those who start and develop new ventures) learn by experience, something which has been conceptualized as entrepreneurial learning (Politis, 2005). However this focus on educating individuals to start new firms is quite different to the idea of enhancing the perception and relevance of entrepreneurship education to a wide range of disciplines throughout the higher education (NESTA, 2008). Since entrepreneurship education is currently taught primarily in business school, there is a need to discuss the underlying pedagogy of entrepreneurship education in this context. Most business school students are not ready to start a new business but can be trained for entrepreneurship whether it later will be enacted as new venture creation or as an employee in established organizations in public, private or civic sector.

### **Methodology**

The paper is based upon experiences from the School of Business and Economics at the former Växjö University and now Linnaeus University. The school has a long tradition of research in entrepreneurship and has run different kinds of educational programs in the area. In the beginning there was a small business program combining traditional education with internship (students working weekly at a small company). Later this was developed into a bachelor alternative within the traditional Business Administration program. At this time the education was rather close to education “about” entrepreneurship, however successful. One of the versions of this program was ranked fourth in the world in a ranking 1997. The reason it was ranked so high is related to a close connection to the local business environment and strivings to combine academic theory and practical enterprising already at that time.

Against this background the Enterprising and Business Development Program (EBD) was launched the summer of year 2000. The idea was to use all experiences from earlier programs and to develop a more distinctive pedagogy where the students raise the questions and take responsibility for their own learning. A pedagogic idea was developed by a team of lecturers, which in the paper will be described as based upon the principle of interspace learning, that learning takes place in the space between the university, the students and their teachers and the partner organization.

The pedagogic idea has been articulated in a conference paper written by Christer Jonsson and Thom Jonsson (2002) and their paper is the main source used to describe the pedagogy in the paper. Descriptions of and experiences from running the program have also been published in book chapters

by Johansson and Rosell (2012) and Kans (2009). In 2012 an internal quality assessment of the EBD program was undertaken which is a further source to this paper.

In 2012 the process started to develop a master program of entrepreneurship. This programme will start autumn 2014 offering both a one year and a two year master program. Documents from the planning process of the master programs are the main source underlying this paper. We authors of the paper has been involved in teaching on the EBD program for several years as well as involved in developing the master program. The methodology underlying the paper is therefore a combination of a documentary study and practitioner reflection.

## **Results and Implication**

The basic difference with the proposed pedagogy based upon the principle of interspace learning, when compared to traditional academic education, is the way theory and practice is balanced. While traditional business education privileges theoretical knowledge interspace learning emphasize practice as a starting point for learning. Students are supposed to solve problems identified in practice and acquire relevant theoretical knowledge, not learning theory and then seek to apply theory in practice. In both the bachelor and master program students are made responsible to design and acquire parts of the knowledge content based upon the project work and their personal interests. The practice based project work is an important part of the education. In the bachelor program it is the quality of the project work that is deciding if the students get higher grades, while discipline exams only can give a pass. In the master programs the curriculum has theoretical courses to start with complemented by methodological training before undertaking complex project work. The project work is expected to give significant contributions to the development of the partner organizations/communities involved and is based on practice. At the end of the master program the students use the (practical) outcome of the projects to contribute to theory in their thesis work.

Traditional education means a deductive approach starting with theory and ending with practice. Interspace learning means that theory and practice go hand in hand following an abductive approach. In the bachelor program themes and practice guides the education process and portions of theory are integrated in order to solve practical problems. In the master program theory is taught to provide students with an enlarged interpretative repertoire, then indulging in practice and at the end using practice to contribute to theory, Experiential learning also uses an abductive approach but in comparison entrepreneurial learning is not limited to learning by doing in its pure form, as theoretical knowledge is guiding the practical project work, although in a balanced way. The projects are expected to solve the real and experienced problems of the partner organizations/communities and if the theories the students use are not adequate new theoretical knowledge/enlarged interpretative repertoire are expected to be acquired.

The amplitudes between practice and theory in the master programs are higher compared to the bachelor program. In the latter project work is more limited in scope, with a progression to become more and more complex over time. The master programs deal with more complex processes. This is why theoretical courses are separated from project courses. This separation together with methodological training helps the students both to get close and deep into practice but as well allows for needed distancing from practice in order to be able to reflect critically on practice as well as allowing enough time to be able to use practice to bring back theoretical contribution.

It is argued in the paper that interspace learning prepares the student for entrepreneurial behavior whether or not he or she will start a new venture or be employed in public, private or civic sector, which means generic entrepreneurship skills are developed.

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WORLD  
CONFERENCE ON  
ENTREPRENEURSHIP



**Track title:** Minority

**Paper Title: Entrepreneurship Through the Lens of Persons with Disabilities**

**Aim of the paper:**

We provide insights into the possibilities and the barriers that persons with disabilities, the largest and most widespread minority in the world, face in pursuing entrepreneurship. Our findings contribute to theory and practice related to enabling persons with disabilities to fulfill their potential as founders and managers of their own value creating enterprises.

**Background literature:**

With a population of 1.1 billion, persons with disabilities represent the largest and most widespread minority in the world (World Health Organisation, 2011), and they are significantly disadvantaged, experiencing high rates of unemployment and poverty (International Labour Office, 2004). Although considerable efforts have been made to improve the conditions for persons with disabilities in many developed countries, recent research suggests that they continue to experience significant disadvantages (Bruton & O'Mahony, 2009, Greve, 2009), including rates of unemployment in Europe nearly two times that of persons without disabilities (European Union, 2010). Given the barriers that so many people with disabilities experience in seeking organisational employment it is not surprising that persons with disabilities have a greater tendency to be self-employed than persons without disabilities (Jones & Latreillet, 2011; Pagan, 2009, 2011; Boylan & Burchardt, 2002). Also, given that the opportunity to start one's own business represents an important option for improving the conditions of this disadvantaged group, understanding the experience of those people with disabilities who succeed in creating their own enterprise represents an important contribution to research in this field.

In order to understand how people with disabilities may experience entrepreneurship, we must first address the contrasting perspectives on disability itself. Disability has so far been interpreted by two main contrasting ideological viewpoints – clinical and social (Shakespeare, 2006; Oliver, 2004, Thomas, 2002). Clinical knowledge, aimed at fixing, curing and caring for the disabled body has been developed to broadly serve the interest of the medical and administrative authorities. Those in the disability movement have long contested this approach, with disability scholars arguing for social transformation and empowerment (Oliver, 2004). Despite the relative high participation rate of people with disabilities in entrepreneurship, their experiences have barely been highlighted and thus knowledge is marginalised. Moreover, many aspects of the welfare system in developed countries reinforces the clinical view of disability and limit persons with disabilities who receive benefits from taking the path of self-employment (Davis, 1998, Boylan & Burchard, 2002). Thus, systemic barriers to self-employment for people with disabilities may represent more general barriers to self-determination of this important minority group.

**Methodology:**

We use qualitative methods with a sample of people with disabilities who have entrepreneurship experience in Ireland to generate insights into the entrepreneurial process from their perspective. Specifically, we conducted in-depth interviews with seven people who have a variety of disabilities and who had experienced the stigma and the barriers to employment often found among people with disabilities throughout the world. All seven had spent considerable time in entrepreneurial endeavours, with six of them succeeding in creating their own ongoing businesses, five of which are commercial enterprises, one of which is a social enterprise. The entire interaction with the interviewees was guided and underpinned by the principles of the social constructionist perspective of disability (Oliver, 2002, 1997; Mercer, 2002; Mertens et al, 2011). The more traditional, clinical approach viewed disability as a problem requiring professionals to define, classify, register, administer and control. In contrast to this clinical paradigm, which perceives a disability as an individual tragedy, the social model represents the collective experience of marginalisation, powerlessness and inequality of this diverse group of people. In-depth interviews with six male and one female participants investigated the distinctive nature of their entrepreneurial experience. The extent of exploration encompassed the issues of their physical, psychological, emotional, social and above all, their economic autonomy vs. conformity. Also we examined disability-specific and socially-imposed barriers and challenges and probed for potential advantages of being disabled.

**Results and implications:**

An emancipatory research procedure, guided by the social model framework revealed unique insights. Our initial analysis of findings suggests that, rather than a shortcoming, disability may be an advantage for those establishing their own business. We found evidence that two broad factors combine to enable those persons with disabilities who decide to pursue their own ventures to overcome barriers and succeed in what is an

emergent and failure prone endeavour (Honig, 2004, Sarasvathy, 2001). The first factor, which we categorize as work practices, includes dimensions which ensure that striving to develop a business, and the tenacity that this involves, is enabled through following strict daily routines, a generally disciplined lifestyle, learning to develop a positive disposition towards hard work, and capitalizing on flexible working hours to maximize person-job fit and disability/job fit. The second factor we categorise as interactive practices, such as possessing or developing a better understanding of one's own community needs, and looking at the world and the needs of others from a unique perspective. These two factors—work practices and interactive practices—appear to work in concert to help those people with disabilities to achieve success in self-employment.

Respondents dispelled many of the myths related to disability and entrepreneurship, suggesting that the viewpoints of scholars from both the disciplines may have merit if they were synthesized into a more broadbased perspective on the lived reality of entrepreneurship for those with disabilities.

Our findings also highlighted a concern that the disability support system, or welfare system, may actually be producing an invisible enslavement of people with disabilities, suggesting the need for a significant shift in public policy toward facilitating self-determination. The unique worldview of the persons with disabilities who had successfully created their own businesses helps to shed light on the possibilities for entrepreneurship as a means of improving the economic conditions of many more people who experience similar barriers in society.

Our learning helps to demystify the mainstream knowledge produced mainly to serve either the agenda of the system or to reinforce what is now widely viewed as a misreading of disability as if it is only associated with shortcomings. Our findings suggest that the dominant trend of disability entrepreneurship is to extend services to the disabled consumers addressing their unique needs, which the mainstream service sector has performed ineffectively (WHO, 2013; Carlson & Ehrlich, 2005). This is an opportunity widely explored by disabled entrepreneurs.

The full paper offers important input on theory development, policy issues and challenges, and practical measures that can be taken to help people with disabilities to succeed in establishing their own value creating enterprises. Understanding the matter from an emancipatory/social model paradigm helped to create new knowledge which may help to change the perception of disability and inclusivity as it relates to entrepreneurship.

**Key words:**

persons with disability, social model of disability, emancipatory research, entrepreneurship

**Paper Title: Dynamic Entrepreneurship in Emerging Countries. Main Findings and Policy Implications from a Systemic Perspective**

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Key words: Emerging Countries, Entrepreneurship Policy, Dynamic new firms, Systemic Perspective

## Track Title: Policy

### Paper Title: Dynamic Entrepreneurship in Emerging Countries. Main Findings and Policy Implications from a Systemic Perspective

#### 1) Aim of the Paper

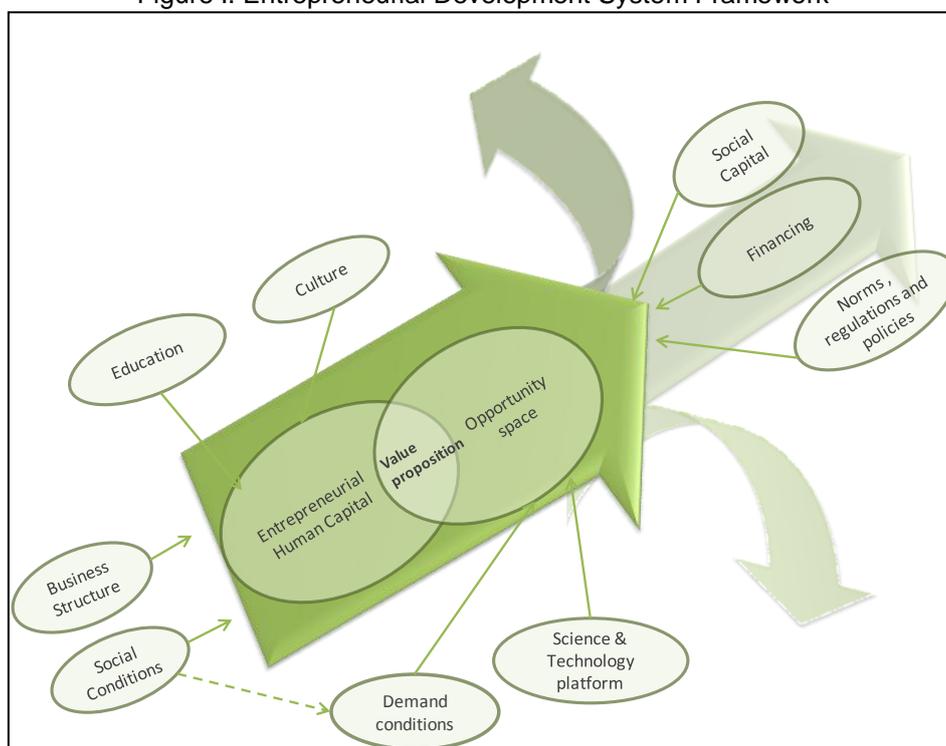
The paper analyzes the conditions for the creation and development of new dynamic firms (i.e. able to grow significantly and became soon a competitive SME) in emerging countries. The main research questions are: a) what are the systemic conditions for entrepreneurship in emerging countries?; b) what are the main differences between emerging and developed countries? To answer these questions a new indicator is developed, the *Index of Systemic Conditions for Entrepreneurship* built on the Entrepreneurial Development System Framework (Kantis et al., 2004) which captures the range of social, cultural and economic factors that affect the creation and growth of new dynamic firms<sup>1</sup>.

Since the creation of Global Entrepreneurship Monitor (GEM) different indexes have been developed (e.g. Ahmad and Hofmann, 2008; Avanzini, 2009; Acs et al., 2012). However, this new index accounts for some structural factors that affect the entrepreneurial process in less developed countries and it focuses on dynamic new firms. The paper provides not only new insights about the systemic conditions in emerging countries but also some policy implications.

#### 2) Background Literature

Entrepreneurship is a phenomenon that needs to be tackled from both an eclectic (Bosma et al., 2008; Verheul et al., 2002) and systemic approach (Acs et al., 2012). Figure I illustrates and summarizes the main factors and variables affecting the entrepreneurial process according to the Entrepreneurial Development System Framework (Kantis et al., 2004) which constitutes the conceptual model supporting the ICSE.

Figure I. Entrepreneurial Development System Framework



Source: Own elaboration based on Kantis et al (2004).

<sup>1</sup> This approach was developed mainly as part of a large-scale study financed by the Interamerican Development Bank that analyzed the entrepreneurial processes of more than 2,000 dynamic new ventures in Latin America, East Asia, and southern Europe (see Kantis et al., 2004).

### 3) Methodology

The Index includes more than 40 different variables grouped into 10 dimensions corresponding to each one of the factors that make up the Entrepreneurial Development System Framework, described before. Variables are obtained from diverse, internationally renowned databases of secondary information. Cultural indicators were extracted from Hofstede and GEM. Social indicators were taken from the World Value Survey, UNESCO, Gallup, and the UNDP. Economic indicators were obtained from the World Bank, the Global Competitive Index (GCI), UNIDO, and the International Labour Organization. The innovation indicators were taken from the Global Innovation Index, GCI, and UNESCO. Those measuring human entrepreneurial capital are taken from GEM and Hofstede. Finally, regulatory variables come from the Ease of Doing Business index and those on promotion policies from the GEM survey of experts.

These 10 dimensions are grouped to build a general index by using the geometric mean. The choice of this method considers the interrelation between dimensions, following the suggestions of the literature (OCDE, 2008; Herrero et al., 2010; Klugman et al, 2011). The index is calculated for 52 countries worldwide and for the years 2011-2013. Following the classification of Hoskisson et al. (2000), this study considers as emerging countries: Argentina, Brazil, Chile, China, Colombia, Egypt, Hong Kong, Hungary, India, Malaysia, Mexico, Peru, Poland, Russia, South Africa, Thailand, and Turkey.

### 4) Results and Implications

Emerging countries present an intermediate situation in terms of their conditions for entrepreneurship, lying between those of more advanced countries and developing countries, although there is a significant heterogeneity among them. Emerging countries tend to present weaknesses in terms of many systemic factors, the most notably, the supply of entrepreneurial human capital. This will continue to be a problem in the future, given current deficiencies in the educational system and also in the business structure. Neither the science and technology platform is contributing to the emergence of innovation-based opportunities. Demand dynamism has tended recently to weaken, raising important questions about the sustainability of the growth processes observed within these emerging countries in the absence of an entrepreneurial dynamic sector.

On the resource side, the presence of unequal, fragmented social structures tend to narrow the bases for social capital restricting the possibility of networking. In addition, there are still important deficits in financing new dynamic firms. Modifying this situation would require public policies and changes to norms and regulations, areas in which some improvements have been observed but much progress remains to be made.

The priorities for an agenda of policies aimed towards improving entrepreneurial conditions in emerging countries combine the need for specific entrepreneurship policies (e.g. entrepreneurial human capital, finance, networking) but also requires articulation with other more general policy areas (such as science and technology or education).

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Key Words: Entrepreneurial marketing, experience-seeking consumption, sensemaking, discourse analysis,  
prestige

## **Making Sense of the Experience-Seeking Customer**

### **Aim of the paper**

Traditionally the concept of market has been about customers as a target for the goods and services. However, increasingly the customers are seen to be more integral part of the business, participate to value creation, and firms and customers seen jointly as co-creators of value (Vargo & Lusch 2004, 2006). For small firms, acting as facilitators of customers own value creation, set increasing demands for understanding the expectations, motives, needs and dreams of the customers.

This study examines entrepreneurial understanding of the customer expectations through the lens of sensemaking. In particular, we explore how the entrepreneurs and the key customer facing staff in small businesses in tourism sector, understand and attribute meaning to customer requirements. Scarcity of resources pushes the entrepreneur in the central role and the entrepreneur him/herself is often involved in marketing both as a character, professional and innovator. The aim of the study is to increase understanding on both the entrepreneur's role in sensing the environment and the micropractices and tactics that are brought forward by this entrepreneurial sensemaking on customer expectations.

### **Background Literature**

Entrepreneurship research on sensemaking has previously investigated issues such as managerial communication and communication related to strategy implementation (Bettiol & Finotto 2012; Cornelissen et al 2012, Hill & Levenhagen 1995) and learning (Rae 2000), but also issues on micro-level, such as daily practices, gestures and routines (e.g. Rouleau 2005). Also Gioia & Chittipedi's (1991) concept of strategic sensemaking has focused to the strategic change environment, and discusses the same sensemaking means: manager's understanding, interpreting, creating sense of sometimes intricate information.

It has been suggested that sensemaking could offer a novel approach to understand entrepreneurs marketing decisions and behavior (e.g. Lam & Harker 2013). Yet surprisingly, prior research has only touched upon the entrepreneurial sensemaking in terms of the customers' value creation, leaving a major gap in our understanding on how small businesses make their marketing and product decisions.

Much of the earlier research has been conducted on generic level and left out contingent factors relating to the specific target customer group. Hence, we focus the study specifically on experience-seeking customer and approach their value experience through the concept of prestige. The prestige consumption is socially embedded, and the experience is created through the interactions with social reference groups (Arnould & Thompson 2005, 2011 Muniz & O'Guinn 2001). Prestige is defined as a multi-faceted concept that provokes emotional desire (Joy et. al. 2012) and is assumed to create positive emotions and admiration for both consumers and their social contexts. It consist of four dimensions; status, uniqueness, reputation and legitimization.

### **Methodology**

This study will investigate the gap identified above using a data from companies that present innovative and relatively successful and 'experience-based' small businesses in the tourism sector. Thirteen in-depth interviews with small business owners and their key customer facing staff were conducted in Finland and Austria. The interviews and entrepreneurial narration was analyzed for statements relating to status, reputation, uniqueness and legitimization of the customer experience. The discourse analytical methods are used to observe how entrepreneurs make sense of their customers' requirements and how they respond to these requirements in their micro-practices, tactics and other activity.

In conducting discourse analysis, we approach the entrepreneurial sensemaking as interaction between communication and actions. In small businesses, the entrepreneur holds major role as a meaning maker but also as a contributor to the meanings itself through communication (Cornelissen, Clarke & Cienci 2012). Thus language and meanings are seen to provide a rich resource to make sense of the integrated view of marketing and entrepreneurship. Here we do not pay attention on managerial issues; how sensemaking is enacted through communication, but are interested on how entrepreneurs make sense of their customers and observe their sensegiving related to value-creation. Such an approach leads us to focus on how language reflects the meanings they give to their acts. Here, 'sense' is conceived of as cognitive processes by which managers give sense and create customer values.

## **Results and Implications**

Our findings suggest that the entrepreneur's ability to make sense of customer requirements and understand the social reference group of their customers plays a key role for these businesses. In addition this study demonstrates how social media has an important role as a place to share experiences but also get influenced by others' experiences and opinions. From entrepreneurial perspective social media offers a rich source for following customer feedback and consumption trends.

The entrepreneurs emphasized different themes that they understand as important factors when answering to customer requirements and needs. Four distinct discourses were identified: *sense of individual community*, *sense of home in motion*, *sense of rare commons* and *sense of soulful consuming*. Each one contains somewhat contradictory terms, reflecting also the radical change of consumption culture and movement toward consuming where unique services and experiences are highlighted. In addition several micropractices relating to the creation of value for the customers were identified. Paper presents examples on these micropractices as both of innovative solutions and classic approaches to customer service.

This study contributes with new insights for entrepreneurial marketing and entrepreneurial sensemaking. There is little work on how small businesses make their marketing decisions (Webb et al. 2011) or how entrepreneurs make sense of their customer expectations. In line with the previous studies which have described experience-based consumption as a source of hedonic value (Holbrook 2005), this study emphasizes the affective side of the customer experience. In particular, our study highlights the relationship between marketing decisions and entrepreneurial sensemaking in specific context; experience-based prestige-seeking consumption.

# **Why Home-Based Business? Exploring the Motivations of Scottish Owner-Operators**

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Key words: Home-based business, small business, motivation, Scotland, urban/rural

## Track Title: Different contexts

### Paper Title: Why Home-Based Business? Exploring the Motivations of Scottish Owner-Operators

#### Aim of the Paper

The aim of this paper is to outline some tentative findings from new research investigating the motivations for establishing a home-based business. In particular, this research considers the similarities and differences between the motivations reported by urban and rural home-based business owner-operators in Scotland.

#### Background Literature

According to 2008/09 figures from the Department of Business, Innovation & Skills, home-based businesses (HBBs) contributed £284 billion to the UK economy (reported in Enterprise Nation, 2009). Further, recent UK Government figures report that HBBs account for approximately 70 percent of micro-businesses (9 employees or less) (Allinson *et al.*, 2013). Cumulatively, HBBs represent a significant proportion of the UK business population and a 'trend' towards utilising this business model may be emerging (e.g. Rowe *et al.*, 1999; Enterprise Nation, 2009). However, academic research investigating HBBs has been limited (i.e. less than 30 papers spanning the last three decades). This may be due to several factors linked to assumptions about the HBB model (i.e. gender, the role of technology, business sector). Most notable among these is the 'lifestyle' label attributed to HBBs, which infers a lack of economic contribution, and the associated suggestion that HBBs are an appropriate means by which to manage work and life commitments in a mutually beneficial fashion (Loscocco and Smith-Hunter, 2004; Dwelly *et al.*, 2005; Walker *et al.*, 2008).

Despite the assumed motivations, research investigating the actual reasons why individuals opt to create and operate a HBB is close to non-existent. Moreover, according to Carsrud and Brännback (2011), more research investigating motivations as a mediator of (unrealised) intentions is required. In contrast, there is a large body of existing research investigating intentions for business creation in general. The major underpinning theoretical intention-behaviour model is the Theory of Planned Behaviour (TPB) (Ajzen, 1991; Wiklund *et al.*, 2003). The TPB, and TPB-based models, have been applied to research investigating the intentions of student populations (Krueger *et al.*, 2000), entrepreneurs engaged in continuing professional development (Elfving, 2008), established entrepreneurs (Miralles *et al.*, 2012) and in longitudinal studies (Kautonen *et al.*, 2011). Overall the theory has underpinned robust predictive results, both in intentions-led studies and in post-hoc research. However, as yet, a TPB-based model investigating intentions and motivations has not been applied to the study of HBBs. Further, given that there is a body of research which suggests that motivations and business outcomes (including their business model format) are related (e.g. Kuratko *et al.*, 1997; Delmar and Wiklund, 2008; Manolova *et al.*, 2012), the case of this relationship in HBB bears greater scrutiny.

This research sought to explore the motivations of HBB owner-operators in Scotland, with a particular focus on the similarities and differences between those in urban and rural areas. According to National Statistics (2011), ninety-four percent of Scotland's land mass is classified as rural with almost a fifth of the population living in these areas. Additionally, National Statistics (2012) report that since 2001 the population of Scottish rural areas has grown at a faster rate than in those of non-rural areas. Furthermore, of UK-based HBB studies, several report that HBBs are more prevalent in rural rather than urban areas (e.g. Dwelly *et al.*, 2005; Newbery and Bosworth, 2010; Mason *et al.*, 2011), although there are contradictory results from other countries with significant rural land mass area, for example New Zealand (Wilson *et al.*, 2004). Yet despite these studies which identify the geographical location of HBBs, the motivations of owner-operators based in urban/rural areas have not been investigated. Thus, further research is required to investigate the motivations which contributed to HBB creation in these differing geographical areas within Scotland.

#### Methodology

This research is underpinned by a TPB-related model, Shapero's Entrepreneurial Event (SEE) (Shapero and Sokol, 1982). Krueger *et al.* (2000) tested SEE and the TPB finding that SEE had greater internal validity; moreover, it incorporates motivation as a mediator between intentions and behaviour. Given the exploratory nature of this research, a qualitative methodology was selected. The sample was collected through self-selection (an online invitation was created alongside posters in suitable locations such as business hubs) and snowballing. Thereafter, participant agreed to engage in in-depth interviews. Data saturation guided the number of interviews to be collected. Interviews were transcribed and subjected to thematic analysis taking themes from the theoretical framework presented in SEE.

## Results and Implications

Tentative results suggest that there are both differences and similarities between urban and rural HBB motivations. Differences include links to the connectivity of business support services in rural areas and the 'it's the only way to find work' reality for many people living in low population, rural areas in Scotland. With regards to similarities, many respondents from both communities felt that a HBB contributed to greater work-life balance and was a sensible 'business decision' in light of the current economic challenges facing many of the businesses. The implications of these findings are that urban and rural businesses, whilst sharing many business and personal motivations, also experience different geographical business 'realities'. Transportation and the digital connectivity differences between areas may be of interest to policy makers.

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## **Embodied Practices, Concerns and Entrepreneurial Identity**

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Key words: entrepreneurial identity, embodiment, impairment, non-linguistic practices

## **Track Title**

Theory and Methodology

## **Paper Title**

Embodied Practices, Concerns and Entrepreneurial Identity

## **Aim of the Paper**

In recent years, scholars have highlighted the processual and relational character of entrepreneurship (Steyaert 2007). Correspondingly, studies of entrepreneurial identity have emphasised the dynamic nature of identity formation. Identity is not a stable entity with fixed characteristics that determine behaviour, such as sex or ethnicity, but an emergent, fluid and often contradictory process that involves a range of narrative and discursive practices. From this viewpoint, entrepreneurial identity has primarily been conceptualised as a linguistic construct.

We build upon the processual and relational approach and conceptualisation of identity as a linguistic construct, by examining the role of body and the embodied non-linguistic practices, including movement, gestures and facial expressions, in the formation of identity. We draw on the interview data with entrepreneurs with impairments, to illustrate how entrepreneurial identity emerges from, and is significantly influenced by, the materiality of human embodiment. We find that particular impairments can enable, as well as constrain, entrepreneurial activities, with implications for identity formation.

## **Background Literature**

Language is central to the dominant conception of entrepreneurial identity as a dynamic process constituted by a range of narrative or discursive practices, performed in relation to the social environment. Entrepreneurs construct and negotiate their identities, through narratives, in order to gain legitimacy with important business stakeholders and to access resources and market opportunities (Lounsbury and Glynn 2001). Identities are shaped by various discourses in societies, including the enterprise discourse (Watson 2009). Individuals are often affected by the discourse of enterprise, and may be empowered by it (Anderson and Warren 2011), or excluded from it (Ainsworth and Hardy 2008). Critiquing and building on the literature, we argue that entrepreneurial identity cannot be reduced to narrative expressions or discourse. Rather we suggest that identity is formed by embodied non-linguistic as well as linguistic practices.

Using Archer's (2000) notion of identity and Goffman's ideas of impression management and stigma (1959, 1963), we conceptualise entrepreneurial identity as a human capacity emergent from the embodied practices of agents concerned with new venture creation and management. Our conception has a number of key features. First, embodied practices, non-linguistic and linguistic, are central to the emergence of entrepreneurial identity. Second, what we care about, our particular constellation of concerns, is what gives us our specific personal identity. How we are embodied necessarily influences our practices and concerns in relation to our natural, practical and social environments. Third, social roles, such as entrepreneurs, prescribe behaviours and appearances that reveal to others the social identities of role occupants. To adopt a particular social identity, one has to meet the expectations associated with the role and to make an appropriate impression. Fourth, depending on circumstances, the stigma associated with bodily attributes regarded as 'undesirable', such as particular types of impairment, can impact on our capacity to achieve entrepreneurial identity, and associated benefits.

## **Methodology**

We conducted face-to-face, audio-recorded interviews with four business owners with impairments. The owners were approached through the Disabled Entrepreneurs Network. All four acquired a long-term impairment in the course of their life, as opposed to being born with impairment. Our four informants, aged from 45 to 55, include one Black British male, one White British male and two White British females.

Prior to setting up their own business, our informants were employed and one had prior experience of self-employment. John started his IT services business in 2000 and has since successfully expanded, setting up two globally operating limited companies and employing 22 people. Anne has been running a consultancy business as a sole trader since 1999 and has 6 employees. Sarah provides a specialist recruitment service set up in 2011 as a non-profit social enterprise and employs 3 people. Combining his education and arts background, David designs and delivers workshops for schools. He became a sole trader in 2010 and has one employee.

We focus on two aspects of entrepreneurial identity formation. First, our informants' perceptions of themselves as disabled entrepreneurs. Second, how they think they are perceived by important business stakeholders, including customers, employees and finance providers. In what follows, we illustrate how being embodied in a particular way shapes these two aspects of entrepreneurial identity.

## Results and Implications

Acquiring a particular type of impairment necessarily affects personal embodied practices and concerns. Each of our informants had undergone a career transition triggered mainly, or partly, by their impairment which affected their capacity to remain in employment. Becoming self-employed, as a way of income generation that accommodated entrepreneurs' impairment, was affected by concerns in relation to their natural, practical and social environments. Their impairment influenced business start-up decision, the capacity to start a particular type of business, their working pattern and managerial practices. For example, working from home provided John, who suffers from chronic fatigue, with greater control over some of the effects of his impairment. These included pain and tiredness, which to a certain extent limited his capacity to walk, stand or sit for long periods of time. This choice enabled him to be more effective at managing his workload. Impairment could be accommodated by an appropriate assistance from support workers and / or various technologies that helped entrepreneurs navigate their practical and social environments. Technologies such as internet, Skype, adapted computer equipment, or voice recognition software, played a key role in enabling our informants to successfully operate their business and to manage their business relations remotely.

Reflecting on their embodiment, entrepreneurs were aware of how their impairment influences their relations with stakeholders and the capacity to be perceived as credible business owners. The visibility of impairment, and other bodily properties, including sex or ethnicity, sometimes challenged the expectations of stakeholders, producing stigmatising attitudes which led to unfavourable reactions, such as customers withdrawing an order or employees acting in patronising ways. Our informants designed their business processes in specific ways and devised various strategies to minimise the impact of negative reactions on their business. For instance, Anne has a sight impairment, but appears to be sighted. She explains the effects of her impairment to clients in order to prevent misunderstandings that may arise from their initial lack of realisation that she cannot read their body language. In other circumstances, impairment provided a degree of legitimacy and trust. Having a lived experience of impairment was perceived as an advantage and a type of expertise where the business owner offered disability or equality-related services.

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## **International Factors That Enhance Local Entrepreneurship Incidence**

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Entrepreneurship  
Trade agreements  
Internationalization  
Cultural, Administrative, Geographic and Economic Similarities

## **Track Title: Internationalization OR Theory and Methodology**

### **Paper Title: International Factors That Enhance Local Entrepreneurship Incidence**

#### **Aim of the paper**

Do bilateral trade agreements and/or cultural, administrative, geographic and economic (CAGE) distance affect the incidence of entrepreneurship in a country? This paper attempts to analyze data from 62 countries to link incidence of entrepreneurship such as nascent entrepreneurs and new business creation to trade agreements, CAGE distances between countries and other economic control variables that affect a country's entrepreneurial outlook. The main theme of the paper is to prove that a larger markets afforded by economic trade agreements and closer ties in economic, cultural, and administrative terms as well as geographical proximity to trade partners lead to higher opportunities in entrepreneurial activities. Reasons for supporting or not supporting these hypotheses will be discussed.

#### **Background Literature**

New business is a creator of wealth and jobs and is regarded as an important economic activity for countries and regions (Baumol & Strom, 2007; Malchow-Møller, Schjerming, & Sørensen, 2011). Entrepreneurs as individuals are at the heart of this process but the economic and institutional environments in which they work also play a major role in shaping their activities and aspirations. Previous studies have shown that several factors explain differences in entrepreneurship rates across countries. These factors include cultural differences, country-level variables such as economic freedom and corruption perception (Gohmann, 2012), the presence of skilled labor force and feeder industries, the countries' institutional profiles in terms of regulatory, cognitive and normative dimensions (Busenitz, Gomez, & Spencer, 2000; Manolova, Eunni, & Gyoshev, 2008; Stenholm et al., 2013). This literature did not explore the effect of the connections that a country has within the global environment that might affect the economic activities of local entrepreneurs.

Globalization processes have transformed the economic world, making countries and their economies more and more interdependent (Gomez, Torgler, & Ortega, 2013; Newman & Posner, 2011). Along the way, driven by technological advances in terms of communication and transportation as well as changes in the political and economic order, countries have been striving to enhance their economic development and wealth creation. One key way in which many of these countries have hoped to jumpstart their economies is via the contributions of entrepreneurial endeavors. In other words, entrepreneurship is seen as a vital part of the process of innovation within a country's economic system and thus, has received significant attention from the academic community within multiple scientific fields, from economics to psychology, from organizational theory to international business (Audretsch, 2012; Oviatt & McDougall, 2004; Shane & Venkataraman, 2000; Spinelli & Adams, 2011).

This large body of research has uncovered important insights regarding the drivers, internal dynamics and even the local, regional and country level outcomes linked to entrepreneurship activities (Baker, Gedajlovic, & Lubatkin, 2005; Bruton, Ahlstrom, & Li, 2010; Freytag & Thurik, 2010). In particular, when studying entrepreneurship across countries, this literature has elucidated multiple factors explaining why entrepreneurship rates vary significantly across the globe (Baker et al., 2005; Jones et al., 2011; Kiss et al., 2012). For instance, some have argued that the propensity of a country to generate autonomous, risk-taking, proactive entrepreneurs depends significantly of specific cultural characteristics, likely shared by most, if not all, local potential entrepreneurs (Begley & Tan, 2001; Freytag & Thurik, 2010; Thomas & Mueller, 2000). Others scholars, have built upon these ideas suggesting that is not only culture what explain the different entrepreneurship rates across countries, but other environmental or contextual factors, also play a pivotal role. They singled out economic, political, legal and social institutional conditions as equally important contingencies to consider when explaining entrepreneurial propensities across countries (Busenitz et al., 2000; Gohmann, 2012; Lee & Peterson, 2000; Manolova et al., 2008; Pekka Stenholm et al., 2013; Stenholm et al., 2013).

#### **Methodology**

In order to test these hypotheses, we contrast the different levels of entrepreneurial activities (i.e., propensities) across countries and to explore which factors might explain those differences. The Global Entrepreneurship Monitor (GEM, 2012) is a commonly used dataset (Anokhin & Wincent, 2011; Fernhaber, Gilbert, & McDougall, 2007) that meets this overarching goal. This dataset contains several variables related to entrepreneurial activities in many countries. The most relevant measures for this study (Dependent Variables) are:

- a) **Total early-stage entrepreneurial activity (TEA):** Percentage of 18-64 population who are either a nascent entrepreneur or owner-manager of a new business
- b) **New Businesses (NB):** Percentage of 18-64 population who are currently owner-manager of a new business, i.e., owning and managing a running business that has paid salaries, wages, or any other payments to the owners for more than three months, but not more than 42 months
- c) **International Orientation early-stage Entrepreneurial Activity (TEAint):** Percentage of TEA who indicate that at least 25% of the customers come from other countries

In this project, we will rely on TEA & NB as proxies for the entire entrepreneurial activities in each of the countries in our sample. TEAint will reflect the overall international orientation of these entrepreneurial activities.

Data on these three measures were collected from the Global Entrepreneurship Monitor web site for 2003, 2007 and 2011 ([www.gemconsortium.org/key-indicators](http://www.gemconsortium.org/key-indicators) ). We also collected data about the existence of trade agreements for each of these countries and the volume of trade in each instance. We used the theoretical development of Ghemawat and colleagues (Ghemawat, 2001 and 2007; Ricart et al., 2004) to collect data on "CAGE distance" which is analogous to physical distance but a proxy that takes into account Cultural, Administrative, Geographic, and Economic factors. Thus, this metric provides a rigorous method to identify and rank foreign countries according to their similarity or difference from a particular home country.

We will test the relationship between the entrepreneurial variables TEA, NB, TEAint, the trade agreements, CAGE distances and other economic control variables.

## **Results and Implications**

The objective of this paper is to examine the link between a country's entrepreneurial endeavors and its economic activities and relationships to other countries. Although economic, institutional and cultural differences among those countries have been studied, research focused on explaining the cross-country differences in entrepreneurial activities have not examined whether and how a country's global commerce network might affect its local entrepreneurial activities and the international orientation of these activities. The results will have implications for trade agreements and a focus on areas that have similar cultural, administrative and economic environments.

# **How could local governments support startup ICT service firms? :**

## **Theoretical and case studies in Japan**

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**KEY WORD** ICT service firms, start up, local government, ecosystem, balanced scorecard

**TRACK TITLE:** Policy

### **AIM OF THE PAPER**

As for Information and communication technology service firms (ICT service firms) , the startup ratio is 4.7% and closing ratio is 6.7% in Japan (White paper on Information and communications of Japan, 2013). ICT service firms have been contributing to local economies, however they are struggling to survive fierce competition. Here, the term "local" refers to firms outside Tokyo, Osaka and Nagoya areas, most of which are SMEs. Local ICT service firms cannot sustain themselves on the local demand as the demand from the Tokyo metropolitan area alone accounts for 70% of the total demand. This article considers the measurement of local governments to support startup ICT service firms. In Japan, we have national level general purpose support measures for the industry. However the industrial organizations and suitable policies differ with regions. And the financial aids are restricted with massive national level budget deficits. The aim of the paper shows using limited resources to simulate local business ecosystem around ICT service firms.

### **BACKGROUND LITERATURE**

As for ICT service industry and government policy, Arora and Gambardella (2005) study rising software industry in China, India, Ireland and Israel from various viewpoints and consider the role of central and provincial governments. Colombo and Grilli (2007) investigate horizontal general-purpose direct support mechanisms at the national level and financial support measures at local administrative entities.

Schief(2013) surveys typical business models in the software industry and Jansen et al.(2013) analyze software ecosystem led by multi-national large firms and those for open source developer communities. The European Commission shows the concept of digital business ecosystem, in which public sector intervention should be aimed at creating environment for SMEs to interact and develop naturally through ICT adoption. The commission also indicates that ecosystems are designed to evolve under the pressure of economic forces and to adapt to local conditions (Nachira et al, 2006). Rochet and Tirole(2006) consider ecosystems as multi-sided markets, which are defined as markets in which one or several platforms enable interactions between end-users, and try to get the multiple sides "on board" by appropriately charging each side. Williamson and De Meyer(2012) show that ecosystem leaders should stimulate complementary partner investments, reduce the transaction costs and facilitate joint learning across the network.

### **METHODOLOGY**

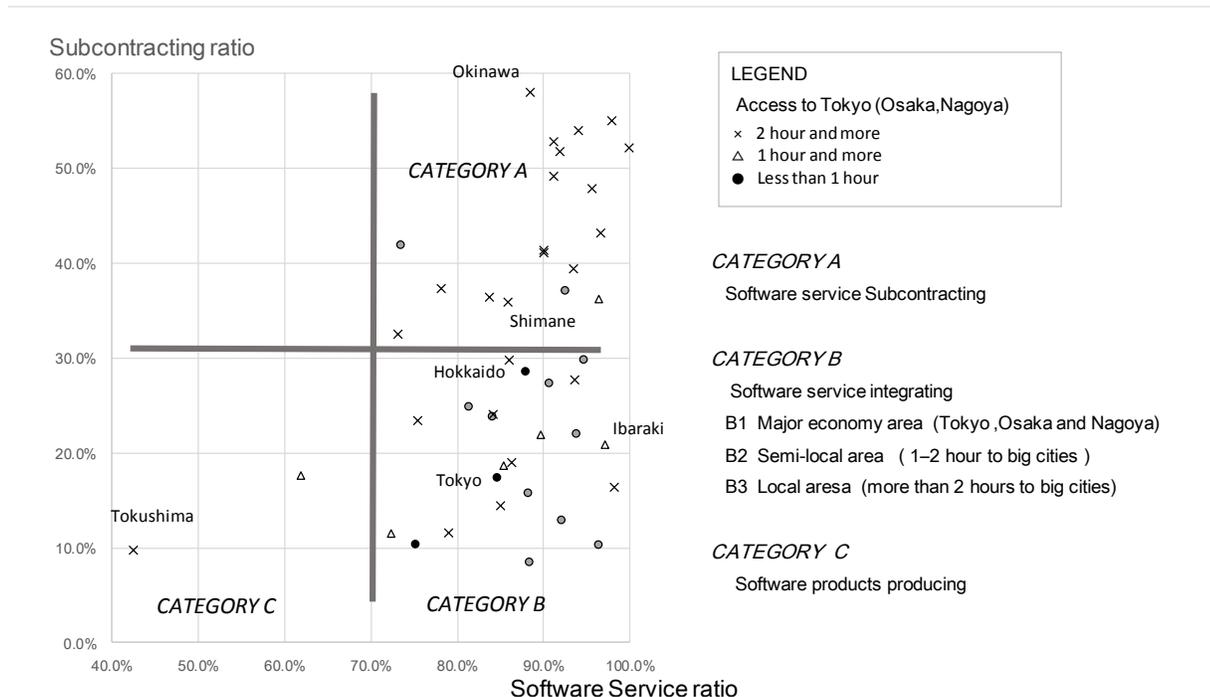
First, the researcher considers the industrial organization of ICT service industry by prefectures and categorize into three types. Second, in theoretical study, the researcher shows the Critical Success Factors (CSFs) for software startup firms and the supporting scheme for each three categories, using balanced scorecard. Third, I consider some characteristic schemes in case studies.

In the beginning, the researcher divides local ICT service economies according to their characteristics: subcontracting ratio, software service ratio and access to three major economic area(Tokyo, Osaka and Nagoya).Category A region is labeled "Software service subcontracting" area, where subcontracting ratio is more than 30% and software service ratio is more than 70%. Most prefectures are located far from major economic area. Category B region is labeled "Software service integrating" area, where subcontracting ratio is less than 30% and software service ratio is more than 70%. Category B contains major economic areas (B1), semi-local area not far from major economic areas (B2) and local area (B3). Category C region is labeled "Software products producing" area, where software service ratio is less than 70%. Central government and big businesses in Japan purchase ICT service from ICT big businesses, most of which are located in Tokyo area. Local

governments also prefer ICT big businesses but they also purchase from local ICT service firms. Most clients for local ICT service firms would be local SMEs. ICT service firms consign jobs to subcontractors in order to reduce developing cost. In the subcontracting market, local ICT service firms have to compete with one another and sometimes Chinese or Indian firms are among the competitors.

**Figure1 Local ICT service economy by category**

(Source) 2010 Survey on Selected Service Industries, Japan



Secondly, using the balanced scorecard perspectives, the researcher considers CSFs for startup ICT service firms in the above mentioned regional categories and the supporting scheme of local governments. There are two kind of supporting scheme. The one is direct support to ITC service firms, including financial aid. The other scheme is aimed to stimulate business trade in the local ecosystem and indirectly supports startup firms. The researcher sets value on the latter scheme, which differs with regional features. Leaders of the ecosystem would be core local ICT firms in Category A, ICT big businesses in Category B, software product manufactures in Category C. For example, in the growth and learning perspective, access to secure and high speed network is a CSF for local ICT firms in the Category A region. Some local governments promote network infrastructure investment of telecom companies. In the business process perspective, electric commerce development is among CSFs and the investment incentives for related industries are indispensable. As for small and medium sized IT service firms in Category A, technical and business skill enhancement ,recruiting and health care for employees are among CSFs, but man power dispatch to major economic areas negatively effects obtaining the goal. To promote remote software development in the local area, local core ICT service firms play very important role as facilitators. As for customer perspective, startup firms think much of trading with local governments, therefore the strategic procurement policy is very important.

Third, the researcher examines local strategies through case studies, considering Hokkaido, Ibaraki, Tokushima, Shimane and Okinawa. With surveys and interviews, some effective ICT promotion plans are clarified. In Hokkaido and Okinawa, they have invited an IT related industry: call centers. The Shimane prefectural government is one of the two prefectures which recruited two ICT expertise for CIO and Deputy CIO for the promotion of strategic procurement. In Shimane, there is a rising ecosystem with open source programming language called Ruby, which was developed by a home grown engineer. Tokushima prefecture promote “CATV everywhere” project and developed advanced fiber cable network infrastructure. Recently some urban software firms built remote development bases in Tokushima. In Okinawa, they have built the testing process platform for the mobile devices software development.

## RESULTS AND IMPLICATIONS

How could local governments support software entrepreneurs? Of course, they depend on the current situation of the each local economy. The researcher considers the software industry organization and shows three categories. Then, viewed from the Balanced Scorecard perspectives, the researcher shows the CSFs for software startup firms. Moreover he considers the case studies, in which the local governments promote effective supporting scheme for software industry startups. I show not only direct support to ITC service firms but also the scheme aimed to stimulate business trade in the local ecosystem. With massive budget deficits, the latter schemed would be very important.

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# **Entrepreneurs' Subjective Well-Being: Examining Flow, Self-Rated Success, and Productivity**

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Keywords: subjective well-being, flow, motivation, productivity

**Track Title:** Small Business Management, Different Contexts, Sustainability (from individual context)

**Paper Title:** Entrepreneurs' Subjective Well-Being: Examining Flow, Motivation, and Productivity

**Aim of the Paper:** In order to facilitate all the activities necessary to create a business, an entrepreneur must pay attention to the internal factors of the start-up (e.g. staffing, product development, operations, sales, and finance); external factors in the environment; as well as their own individual psychological factors of development. Of interest in this paper is the psychological factor of subjective well-being. Subjective well-being (and happiness) is a broad measure of well-being (Binder, 2013b), and goes beyond a material or health perspective. The present study adds to the literature on subjective well-being and entrepreneurship by examining how flow, productivity, and entrepreneurs' perception of success relate to subjective well-being.

**Background Literature:** In larger workplace environments there is a plethora of research on subjective well-being (c.f. Diener & Seligman, 2004; Lyubomirsky, King, & Diener, 2005). Less research exists to explicate how subjective well-being impacts entrepreneurs specifically. However, more recently various constructs have been studied that are loosely related to entrepreneurial subjective well-being including personal initiative (Hahn, Frese, Binnewies, & Schmitt, 2012), stress levels (Baron, Franklin, & Hmieleski, 2013), and more broadly, innovation (Binder, 2013a). For instance, entrepreneurs have been shown to exhibit greater subjective well-being than managers, as well as having lower health risk factors (Stephan & Roesler, 2010).

Well-being can be examined from two perspectives: the hedonic/subjective well-being perspective, or the eudaimonic/meaning perspective. The hedonic perspective is focused on happiness, based on what makes life pleasant and unpleasant (Ryan & Deci, 2001). Research in this area looks at life satisfaction, positive affect and negative affect (Diener, 2000). In the eudaimonic/meaning perspective, the term eudaimonia, or a state of meaningfulness and fulfillment, comes from Aristotle's *Nichomachean Ethics* of 350 B.C. (Ryff & Singer, 2006). Aristotle thought that happiness was not just about satisfying human appetites, but about doing virtuous things such that we "achieve the best that is within us" (Ryff & Singer, 2006, p. 17). From this eudaimonic perspective, people are looking for what makes life fulfilling and meaningful. Since work is a major factor in people's lives it is a major factor in understanding what gives individuals a sense of meaning and fulfillment (Harter, Schmidt, & Keyes, 2003).

The relationship between flow and well-being was proposed in early flow research (Csikszentmihalyi, 1975), research with students (Carli, Delle Fave, & Massimini, 1988), and in adults at work (LeFevre, 1988). Diener (2000) surmised that real happiness lay in the prospect of finding work that provided close social relationships, meaning, pursuit of personal goals, and being involved in flow activities. Flow describes a state of complete attentional energy focused on the task at hand (Nakamura & Csikszentmihalyi, 2009). The concept of using "skills to seize ever greater opportunities" that has been used to describe flow (Nakamura & Csikszentmihalyi, 2009, p. 201) also has a high degree of commonality with the entrepreneurial experience. Flow is an optimal experience that has been found to increase employee engagement (Larson & von Eye, 2006; Salanova, Bakker, & Llorens, 2006), to lead to excellence in performance (Bakker, 2008; Demerouti, 2006), and to make life more interesting (Csikszentmihalyi & LeFevre, 1989; Nakamura & Csikszentmihalyi, 2009). The types of tasks that are the most intrinsically rewarding and also conducive of flow are those that require a person to use many different skills and abilities (Csikszentmihalyi & Rathunde, 1992). Although there is research examining the flow experiences leading to greater well-being (Carpentier, Mageau, & Vallerand, 2012; Nakamura & Csikszentmihalyi, 2009), and several researchers have studied flow within the entrepreneurial experience (Kauanui, et al, 2010; Schindehutte, Morris, & Allen, 2006), the relationship of flow with productivity to an entrepreneur's well-being has not been studied.

There is a link between whether entrepreneurs are intrinsically or extrinsically motivated and their ability to notice opportunities or monitor external factors (Ko, 2012). For instance, intrinsic motivation encourages entrepreneurs to explore opportunities that are more original and unique (Grant & Berry, 2011). Thus, the question of flow and entrepreneurs is salient because *employees* have been found to experience flow when job demands match their skills (Bakker, 2008; Eisenberger, Jones, Stinglhamber, Shanock, & Randall, 2006), or when they have sufficient resources in their work such as support from colleagues and adequate funds or material (Bakker & Demerouti, 2007; Csikszentmihalyi, 2003), none of these are assured in an entrepreneurial environment. Interestingly, while flow research has shown strong linkage to well-being under many work and leisure situations, one area missing from this flow research stream has been within the domain of entrepreneurship. Since uncertainty is central to the entrepreneurial environment, it is unclear if the well-being and flow linkage found in other work situations extends to entrepreneurial environments.

**Methodology:** This research study seeks to gain a better understanding of the experience of subjective well-being as it relates to flow, intrinsic or extrinsic motivation, and productivity in an entrepreneurial setting and a better understanding of the related psychological attributes of the entrepreneurial process. This research investigates these factors and results from a surveyed sample of entrepreneurs in southwest Florida and southern California. Statistical analysis using factor analysis, correlation, and regression were then employed

to discern hypothesized relationships between well-being, flow, productivity and several other factors of the entrepreneurial experience.

**Results and Implications:** A strong relationship between flow, productivity, and intrinsic motivation with well-being was found in these entrepreneurs. From the literature, flow is thought to increase job performance (Eisenberger et al., 2005; Ko & Donaldson, 2011) and to increase our personal resources (Fullagar & Kelloway, 2009; Salanova et al., 2006). The very strong result found in this study supports the positive influence of flow experiences on subjective well-being.

For an entrepreneur, well-being also needs to tie to outcomes. Happiness is not just about satisfying human appetites, but about doing virtuous things such that we “achieve the best that is within us” (Ryff & Singer, 2006, p. 17). From this eudaimonic perspective, people are looking for what makes life fulfilling and meaningful. What goes on at work is a major factor in understanding what gives individuals a sense of meaning and fulfillment (Harter, Schmidt, & Hayes, 2002). In addition, subject well-being has been associated to reduced stress, innovation, health risk and personal innovation.

References cited available upon request.

**AN EXAMINATION OF LEADERSHIP STYLES OF OWNER/ MANAGERS OF SMALL  
HEALTHCARE SERVICE DELIVERY FACILITIES IN NAIROBI KENYA**

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**ABSTRACT**

**Aim of the Paper**

The aim of this study was to examine the leadership styles of owner/ managers of healthcare service delivery facilities. The study aimed at answering two research questions: Which leadership styles do owner/managers of small healthcare facilities apply? What is the effect of the leadership styles of the owner/managers of the small healthcare facilities on employee commitment?

**Background Literature**

Leadership may be defined as the process of influencing people so that they will achieve organizational goals (Watson, 1983). In any organization therefore, the possibility of employees attaining organizational goals will depend on the influence the leader has on them. A leader's ability to influence people depends on his or her leadership style (Valdisern and Wison 2010). In particular the leadership style a leader adopts will influence employee commitment. Researches done on leadership styles that foster employee commitment have not focused on the leadership styles of owner/ managers of healthcare service delivery facilities. Healthcare service delivery facilities need committed employees because their activities are labour intensive. It is not clear which leadership styles can lead to attaining employee commitment. This study makes a contribution to these gaps.

**Methodology**

The study used a cross-sectional survey design. A sample of 35 owner/managers of small healthcare service facilities was drawn from Nairobi city where there is a reasonable concentration of small health care facilities. The data was collected using a structured questionnaire. The data was analyzed using descriptive statistics like percentages, frequencies means and standard deviations. Qualitative data was analyzed according to various themes.

**Results and Implications**

From the results most owner/managers of small healthcare service delivery facilities did not have a defined leadership style. A few applied transactional leadership styles. Very few applied transformational leadership style. The study found that the owner managers who applied transformational leadership experienced more employee commitment. The study concluded that many owner/managers of the facilities were medical practitioners and had not been trained on leadership and management practices. The study recommends that owner/managers of small health care facilities be trained on leadership styles and management practices to equip them with the right skills to lead and manage their facilities for better service delivery.

Key words, leadership styles, health care service delivery facilities, employee commitment, transactional and transformational leadership styles

Track Title: Small Business Management

**APPLICATION OF MODERN HUMAN RESOURCE MANAGEMENT PRACTICES BY SMALL  
BUSINESS WOMEN OWNER/MANAGERS IN KENYA**

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**ABSTRACT**

**Aim of the Paper**

The purpose of this study was to explore the application of modern human resource management practices by small business women owner/managers in Kenya. The objectives of the study were two: to examine to what extent the small business women owner/managers applied human resources management practices in their organizations and to establish if the application of human resource practices affected employee job performance.

**Background Literature**

Modern human resource practices are essential in organizations because of the prevailing new economic paradigm characterized by speed, innovation, short cycle times, and quality and customer satisfaction. These new demands highlight the importance of human capital to yield competitive advantage to an organization (Armstrong, 2010; Dessler, 2008). Many successful companies are adopting strategic human resource management practices in order to stay competitive. Strategic management of human resources should be an ongoing concern for small businesses because they rely heavily on their employees for their business performance. All the same, research has not clarified the status of the application of human resource management by small business women owner/managers in Kenya which this study will address.

**Methodology**

To realize the research objectives, a cross-sectional survey design was adopted. The target population constituted small business women owner/managers from different parts of Kenya, who had been identified for entrepreneurship training by the Centre for Executive and Entrepreneurial Development at United States International University in Nairobi in 2013. About 100 women SME owner/managers from all sectors were sampled for the study. The data was collected using a structured questionnaire. The data was analyzed using descriptive statistics, Pearson correlation and qualitative methods.

**Results and Implications**

The results showed that recruitment, selection methods and rewards affected employee' performance most in the small businesses owned/managed by women. Results also suggest that many small business women owner/managers do not apply modern human resource management practices because they lack the capability and knowledge to do so. Since the study identified gaps of management skills and knowledge among the small business women owner/managers, it recommends the empowerment in to fill the gaps through training or the support of consultants. Empowering small business women owner/managers would be a step in making important strides in the right direction of empowerment of women in Kenya.

Keywords: small business women owner/managers, human resource management, employee performance, recruitment, selection, selection

**Track title: Minority**

**“What Do You Make of This, Partner?”  
A New Zealand Entrepreneurship Case Study**

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Key Words: indigenous entrepreneurship, New Zealand

## **Introduction**

The opening quote was the message of the Ngati Whatua tribal leader to the New Zealand government as he and his negotiating team sat down with the Crown during the late 1990s-2000s to discuss and settle the tribe's outstanding Treaty claim. The claim concerned what was in essence the loss of their ancestral land that now encompasses the Auckland urban sprawl. The claim process and other major initiatives that have taken shape over the past 15 years have led towards major socio-economic transformation. It has required astute leadership, and a re-kindling of a partnership with the Crown. It has also involved entrepreneurial 'edge' – considerable cunningness, some boundary-pushing and some degree of risk-taking by the community's leaders (Kawharu, Tapsell and Woods, 2012, 2013). There was much at stake, all of which hinged on the community's identity in the eyes of its descendants and the wider public. Now, the community's transformation is starting to take shape. Its asset base is over half a billion NZ dollars. The Treaty claim has just been settled. Cultural regeneration is occurring. Much is yet to be undertaken economically and culturally, but there is much to learn from the last 15 years.

## **Paper aims**

This paper aims to contribute to the emerging field of indigenous entrepreneurship. It does this by exploring the meanings and applications of culture and sustainability within an indigenous group as they pursue their entrepreneurship endeavours. 'Culture' in entrepreneurship can mean several things. There are now, emerging interpretations and definitions useful for understanding indigenous entrepreneurship generally. I am to focus on a particular dimension of culture in entrepreneurship - the complexities of accountability, and in so doing, contribute to expanding understandings of culture in indigenous entrepreneurship. My focus on sustainability discusses it as a multi-dimensioned aspiration, drawing out what those dimensions are and the inherent challenges that go with trying to achieve sustainability within an indigenous entrepreneurship context.

## **Background literature**

My paper has two specific goals – to consider sustainability and culture within an indigenous entrepreneurial context – but it is useful to widen the discussion. This 'background literature' section provides some theoretical context in that respect.

Entrepreneurship has become a major field of research enquiry in the last two decades (Katz, 2003; Kuratko, 2005). Research into indigenous entrepreneurship has not emerged, however, until relatively recently, beginning with, in particular, Anders and Anders, 1986; Anderson, 2002; Hindle and Lansdowne, 2005; Foley, 2003, 2008; Lindsay, 2005; Dana and Anderson, 2007; Tapsell and Woods, 2008a, 2008b, 2010; Kawharu, Tapsell and Woods, 2012. A theoretical gap remains in understanding the role of culture in indigenous entrepreneurial leadership (Lindsay, 2005). I hope to contribute to developing understanding of culture in entrepreneurship. Although I concentrate on one particular group, some of the findings about entrepreneurial leadership values are common beyond the group, as I will discuss.

Entrepreneurship theory has characteristically privileged a western way of knowing at the expense of indigenous knowledge (Frederick and Henry, 2004; Peredo and Anderson, 2006). Further, studies of entrepreneurship in general rarely acknowledge that i) opportunities may be culturally influenced such that opportunity recognition is culturally determined (Dana 2007, 4); ii) tradition and heritage can serve as a pathway for entrepreneurship and innovation (Hindle and Lansdowne, 2005; Tapsell and Woods, 2008a); and iii) the individual is not necessarily the only focus of entrepreneurial study (Peredo and Anderson, 2006).

Hindle and Lansdowne (2005) propose three key elements of indigenous entrepreneurship: the heritage positioning index (culture is central to ventures); the autonomy-accountability network (autonomy distinguishes one venture from another and where the venture must be accountable to multiple groups); and the twin skills inventory (technical and cultural skills are both vital).

Another key element of relevance to this paper is the idea that indigenous entrepreneurial leadership is layered with complexity and may be considered as even more multifaceted than non-indigenous entrepreneurship (Lindsay, 2005). This is demonstrated by the tribal community (case study) as discussed.

It would be erroneous to say that entrepreneurship, economic or other non-specific indigenous theories do not have use for indigenous issues. Although not examined in detail here, there is one final point to add concerning background literature. In another paper that discussed this case study, I along with Tapsell and Woods (Kawharu, Tapsell and Woods, 2012) looked at the work of economist Ludwig Lachmann. While he wrote about economics some 100 years ago and his work was not concerned with anything indigenous, some of his thinking on entrepreneurial behaviour has relevance. He argued that entrepreneurial behaviour was a

continuous process of combining and recombining resources (Chiles, Bluedorn and Gupta, 2007; Kawharu, Tapsell and Woods, 2012). Further, entrepreneurs have a capacity to combine and recombine resources in changing circumstances and envisage the future innovatively (Lachmann, 1970). These ideas are pertinent to Ngati Whatua as well.

### **Methodology**

This paper reflects on a case study analysis of entrepreneurship and sustainability within my own tribal group, resident in their 'traditional homeland' that is now Auckland city, New Zealand. This work is based on informal and formal research and is shaped by social anthropological research methods. In respect of the former, data and analysis has emerged from participant observation and engagement as 'an insider' (Headland, Pike and Harris, 1990) in tribal affairs over 15 years. I have been a member of a tribal committee involved in Treaty of Waitangi claims, a contracted researcher for the tribe and am a family member of the tribe's late chief negotiating leader for Treaty claims and former long-time chair of its governance board ('Trust Board'). Formal qualitative research was also conducted between 2010-2014 through interviews of other key tribal leaders/governance board members and advisors to the tribe.

### **Results and implications**

Two entrepreneurship contexts are studied: (1) a central city land-based business – 50 acres former railway land; and (2) Treaty of Waitangi claim settlement. Much has been made about the community's Treaty claim, the settlement package and the politics of the entire Treaty claim process, a journey that started in the late 1990s. Media headlines such as 'Ngati Whatua lost \$75 billion of Auckland land' (The New Zealand Herald, 2003, p.A7) have propelled the Ngati Whatua story into New Zealand's mainstream consciousness. Similarly, the tribal community's relatively sudden propulsion into major economic business that started with the purchase and development of former railway land in the central business district in the 1990s has resulted in their story being frequently grabbed by mainstream media. Beyond the headlines and public commentary, deeper issues concerning entrepreneurship, the opportunities taken or lost require more careful examination. This paper explores these things.

Key findings include:

- Cultural accountability consists of:
  - Recognition of historical (e.g. ancestral and land) loyalties;
  - Negotiation of relevant cultural values (including 'the historical') within new legal and bureaucratic structures;
  - A strengthening of ties to marae (the ceremonial venue, economic and cultural heart of the community);
  - Effective communication to a dispersed descendant community; and
  - Reciprocity between leaders and community as measured by mutual support of one another. How Ngati Whatua preserves and promotes its culture is shaped by internal and external factors and challenges (including personnel, politics, place, and changing values) (c.f. Foley, 2008).
- Sustainability aspirations include:
  - Maintaining centrality of marae (cultural sustainability) within a dispersed community; Ensuring marae remain focal to Treaty settlement policies and programmes;
  - Promoting a mix of economic businesses on an expanding tribal land-base; and
  - Safeguarding land (and having a balance of commercial and cultural lands) for present and future generations of Ngati Whatua and wider community members.

All of the above means growing leadership that is 'culturally sound'. The community is on the cusp of major economic and cultural advancement. There are significant challenges before them also. The themes raised so far provide entry points into exploring these in more detail in the paper.

Words: 1290

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## Track Title: Different Contexts

### Paper Title: GROWTH INTENTIONS AS A FUNCTION OF PERSONAL RESOURCES AND OPPORTUNITY PERCEPTIONS

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#### Aim of the Paper

This research examines personal cognitive resources (motivations and self-efficacy) and the role of opportunity perceptions in entrepreneurial growth intentions. It adopts a cognition perspective to examine the following question: what is the relationship between growth intentions and cognitive processes relating to personal resources, particularly motivations and self-efficacy, and the perceptions entrepreneurs hold about their opportunities?

#### Background Literature

Davidsson (1989) found that entrepreneurs with growth intentions were more likely motivated by the pursuit of opportunities and the prospects of greater personal financial rewards or independence. From a cognition perspective, it can be argued that entrepreneurs who are motivated to improve their lives will have more ambitious intentions for their ventures. High growth ventures can provide greater income, but also reduce the attractiveness or need for other job alternatives, such as work as an employee, enabling the entrepreneur to maintain the independence desired.

While motivation can indicate the extent entrepreneurs are inspired to pursue growth, another personal resource that can influence these intentions relates to whether they perceive they have the capabilities for this activity. As Bandura (2012) emphasizes, self-efficacy does not simply equate to objective abilities, but to how people perceive themselves. It reflects their beliefs that particular actions they take can produce the intended effects (Bandura, 2001). A cognition perspective supports the prediction that greater self-efficacy will result in higher growth intentions.

People will act based on certain beliefs about whether an effort is feasible and can be accomplished with relative ease (Carsrud and Brannback, 2011). Beliefs about an opportunity, in particular, may be influenced by its characteristics (Gregoire and Shepherd, 2012), suggesting there are underlying objective factors that may impact perceptions. A cognitive perspective, however, emphasizes perceptions, predicting that entrepreneurs perceiving they have an opportunity with such characteristics as market newness, competitive uniqueness, and international market potential would see greater prospects but also expect higher outcomes for the risk they undertake.

This review leads to the following hypotheses:

*H1a: Income-driven opportunity motivations will be positively associated with growth intentions.*

*H1b: Independence-driven opportunity motivations will be positively associated with growth intentions.*

*H1c: Self-efficacy will be positively associated with growth intentions.*

*H2a: An entrepreneur's perception of the level of market newness of the opportunity will be positively associated with growth intentions.*

*H2b: An entrepreneur's perception of competitive uniqueness for the opportunity will be positively associated with growth intentions.*

*H2c: An entrepreneur's perception about the international intensity for an opportunity will be positively associated with growth intentions.*

## **Methodology**

To test our study's hypotheses, we used data from the 2011 and 2012 Global Entrepreneurship Monitor (GEM) survey of the adult population in the United States of America (USA). We pooled the data for two years to increase the power of our statistical test. Our paper focuses on early stage entrepreneurs: 1,242 entrepreneurs from 11,405 randomly sampled adults in the U.S.A. were identified in 2011 and 2012.

The hypotheses were tested through regression analysis, with the following equation estimated:

$$\text{Growth}_i = \beta_0 + \beta_{1i} \text{INCOMEMotiv}_i + \beta_{2i} \text{INDEPMotiv}_i + \beta_{3i} \text{MKT}_i + \beta_{4i} \text{COMPT}_i + \beta_{5i} \text{INTRNL}_i + \sum \beta_{ji} X_i$$

Where,  $\text{Growth}_i$  = number of employees  $i^{\text{th}}$  respondent expects to add in the next 5 years (in log transformation)

$\text{INCOMEMotiv}_i = 1$  if the  $i^{\text{th}}$  respondent's motivation was to increase personal income, 0 otherwise,

$\text{INDEPMotiv}_i = 1$  if the motivation was to increase greater independence for the  $i^{\text{th}}$  respondent, 0 otherwise,

$\text{MKT}_i = 1$  if all customers considered the product or service new and unfamiliar for the  $i^{\text{th}}$  respondent, 0 otherwise (market newness).

$\text{COMPT}_i = 1$  if no other businesses offering similar products or services for the  $i^{\text{th}}$  respondent, 0 otherwise (competitive uniqueness)

$\text{INTRNL}_i = 1$  if 26% or more customers live outside the domestic country of operation for the  $i^{\text{th}}$  respondent, 0 otherwise (international market intensity)

$X_i =$  control variables (e.g., business sector, stage, year, age, gender, and perceived capabilities) for the  $i^{\text{th}}$  case.

The ordinary least squares (OLS) procedure was used to estimate regression coefficients and the statistical significance of these coefficients was used to test our hypotheses. As hypothesized, entrepreneurs with opportunity motivation to increase income ( $p < .01$ ) or independence ( $p < .01$ ), or expressing self-efficacy ( $p < .05$ ) were more likely to have high job growth intentions. Similarly, entrepreneurs who perceived their products or services displayed market newness ( $p < .05$ ), competitive uniqueness ( $p < .05$ ), and international markets ( $p < .001$ ) were more likely to have higher growth intentions.

In order to test the robustness of our results, we also ran the regression analysis for the pooled 2009-2010 U.S. data. GEM's U.S. entrepreneurship indicators declined substantially in these two years, likely due to the recession; this enabled us to examine whether the predicted relationships would be upheld under very different economic conditions. This analysis provided consistent results for all of the hypothesized results, except for independence motive. This result may provide support to studies showing that income is a stronger predictor of growth intentions than independence.

## **Results and Implications**

This research, with its cognitive viewpoint, recognizes the importance of individual motives and perceptions in the entrepreneurship process. Entrepreneurs have a strong influence on the direction of their ventures, and the findings suggest that those endeavoring to achieve higher growth have particular motives and perceptions of themselves and their opportunities. This reveals the value of looking beyond

more objective measures such as human or social capital to recognize that people think differently, and that this matters in the paths entrepreneurs chart for their businesses.

Much of the empirical research seems to suggest that independence motives are the most important determinant in one's decision to become an entrepreneur, while income motives are stronger predictors of growth intentions. In this research, both types of improvement-driven opportunity motives were significantly associated with growth, suggesting that entrepreneurs pursuing growth are motivated to pursue an opportunity, but are also looking to improve their lives in some way, whether it is through greater independence or higher income.

Our findings also indicate that people entering entrepreneurship confident in their abilities are likely to have growth intentions. This supports theoretical notions that people will choose situations in which they feel they can be effective, particularly when these require higher ambitions and effort and that higher self-efficacy can lead people to set higher goals.

By examining the relationship between opportunity perceptions and entrepreneurial growth intentions, this research highlights the importance of looking beyond objective measures of an opportunity to recognizing that the manner in which entrepreneurs see their opportunities may have a material impact on their intent to grow. This reveals future promise for examining opportunity perceptions in the study of growth. Entrepreneurs perceiving market newness, competitive uniqueness and international intensity in their opportunities may react to the high potential they envision. On the other hand, they may perceive they are assuming greater risk and therefore have greater expectations for their ventures.

The findings also reveal implications for practice. Growth-oriented entrepreneurs are more likely to believe they have a high potential opportunity and to be motivated and confident in pursuing this potential. It may be worthwhile to identify these entrepreneurs specifically, perhaps providing them with training, resources or other support elements they need to achieve their goals. Programs could focus on assessing motivations and building confidence in entrepreneurs. With regard to opportunity perceptions, this may, in fact, be a learned ability. To the extent that positive perceptions are influenced by one's prior actions, it might be possible to develop people's ability to assess and shape innovative opportunities with attractive competitive characteristics and a global orientation. Finally, policy makers may benefit from understanding how prevailing economic conditions influence the growth intentions of entrepreneurs, which in turn impacts the supply of jobs on an economy.

## **Image of Family Business in Russia and Implications for the Attraction of Employees**

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Key Words: Image, family business, Russia, popular culture, employer reputation

## **Track Title: Family Business**

### **Paper Title: Image of Family Business in Russia and Implications for the Attraction of Employees**

#### **Aim of the Paper**

Being unique in their attributes such as the long-term orientation, risk aversion and fair working conditions, family businesses make a solid contribution to the economies of many countries and count for an essential share of employment. For example, family businesses employ 62% of the U.S. workforce (Astrachan and Shanker, 2003) and have approx. 25% of total employment in Sweden (Bjuggren et al., 2011). Due to the importance of family firms, theoretical and empirical research in this field gained particular attention in the last years. This fact is confirmed by both the quantity and quality of studies related to family business. As the attraction of better workforce is one of the most important activities for the success of any organization (Rynes and Barber, 1990), it has been analyzed from various perspectives. However, the question whether family firms are perceived as attractive employers has been neglected by research.

The external image of a company has a significant influence on the attraction of potential employees (Collins and Stevens, 2001). If an organization has a positive image, it can attract more job seekers, who are highly qualified (Gul et al., 2011). Put it differently, the way how prospective employees perceive the image of a company is a significant predictor of initial job choice decisions (Gatewood et al., 1993). One of the possibilities to study the image of family firms is to examine their portrayals in popular culture, i.e. movies, fiction and newspapers. As popular culture serves both as a mirror of widely held public beliefs and as a lens for shaping social perceptions (Dyer, 1993), it has a considerable impact on the actual practices and career choices of people (Czarniawska and Rhodes, 2006).

The aim of this paper is to analyze the image of family business in Russia with particular reference to applicant attraction. We decided to study the representations of Russian family firms because of the current low level of knowledge about their re-emergence and their remarkable historical development. As establishing a private business was not allowed during the Soviet era, modern family businesses in Russia lack tradition and experience. At the same time, there are a lot of examples of famous Russian families (Demidov, Morosov, etc.), who operated successful businesses for many generations before the October Revolution 1917 (Keplinger and Feldbauer-Durstmüller, 2012). Thus, this paper contributes to a better understanding of family business images in Russia and explores if popular culture promotes certain misconceptions about family firms to the broad public. Finally, we investigate the relationship between the perceived image of a company and its attractiveness as an employer.

#### **Background Literature**

Despite the growing attention to the development of family business in Russia (Babayeva, 1993; Barhatova, 1999; Slutsky, 2000; Barkhatova, 2008), there are no studies explicitly devoted to the image of Russian family firms. In the study about the entrepreneurial potential of the Russian society, Chepurenko et al. show that the majority of the participants perceive family firms in a positive way (Chepurenko et al., 2003). The PhD thesis of Milehina is devoted to the general image of business people and their language in Russian popular culture. She concludes that Russian business people are portrayed mostly unfavorably and their negative characteristics are especially emphasized (Milehina, 2006). Similar results show also other studies dealing with the images of business people in Russian fiction (Levadovsky and Levadovskaya, 2002; Sarubina, 2003; Harseyeva, 2009).

The present study is based on the social identity theory. According to this theory, the self-concept of an individual is influenced by the perceived evaluation of the relevant social groups (Tajfel and Turner, 1986). Ashforth and Mael (1989) applied this theory to the context of organizations. When an organization is perceived in a positive way, the individuals within it receive positive outcomes such as approval from others (Barber, 1998). Consequently, the individuals are attracted because they feel a subjective fit with an organization that has a positive image (Ehrhart and Ziegert, 2005). Related to this theory, Cable and Turban suggested that employer familiarity, reputation, and image are positively linked with applicant attraction (Cable and Turban, 2001). It was also empirically tested that people are more likely to be attracted to organizations that have a positive reputation (Turban et al., 1995) and high ratings of corporate social performance (Turban and Greening, 1997).

#### **Methodology**

The first step of our study was to find an appropriate family business definition. As a family firm, we define a company, in which members of the same family manage and control the business' direction and intend to keep the business in the family across generations (Chua et al., 1999). The second step was to identify movies and novels representing modern family business in Russia. We conducted searches of published book and movie reviews as well as Internet databases and developed three main criteria for including a movie or a novel into our study. Firstly, movies and novels take place in Russia, so that family business depictions do not

involve cross-cultural perspectives. Secondly, all works of fiction and movies meet basic quality expectations, are appropriate for the general audience and broadly accessible through libraries and retail stores. Thirdly, a family business plays a significant role in the plot development.

Using this research methodology, we identified a set of 15 novels and movies released or published between 1991 and 2011. In order to analyze the data, we conducted a qualitative content analysis of plot summaries. They were coded for favorable characteristics (e.g. fair working conditions, commitment) and negative traits (e.g. lack of discipline, family conflicts). For investigating the external images of family businesses in modern Russia in more depth, we also conducted a content analysis of over 60 articles published in eight major Russian newspapers and magazines between 1991 and 2011. As the print media react to changes in society quicker than movies and fiction, it is interesting to compare the development of family business images in newspapers to those in fiction and movies.

### **Results and implications**

We contribute to the existing knowledge by demonstrating that the portrayals of family businesses in Russian popular culture are overwhelmingly and consistently negative. Such characteristics as “cheating”, “immoral” and “cutting corners” are common associations with (family) business. Positive depictions of family firms are rather the exception than the rule. However, a recent trend of representing family business in a more favorable way, especially in newspaper articles, can be noticed. In addition, the findings of the study suggest that Russian job seekers do not perceive family firms to be a very attractive employer. The main reason for it is frequent conflicts between the family members that oftentimes involve employees not belonging to the family.

One of the ways to improve the image of family businesses and consequently to make them more attractive for potential workers would be to better highlight their unique aspects to the general public. Familiar organizations are likely not only to have a positive reputation but also to be perceived as more attractive employers (Daniel et al., 1997). Besides, international co-operations with family firms respected for their strong image could help to break with the tradition of negative depictions of family business in Russian popular culture. Further examples of possible measures include media trainings for family business members, increased online presence for attracting young people and state programs for supporting family firms. Future research could investigate additional datasets to verify the results of this study. The next possibility could be to explore the differences in depictions of family businesses across various countries.

Mohammad Saud Khan

**Track Title: Small Business Management**

**Paper Title: Understanding Entrepreneurial Teams through Trust and Conflicts**

### **Aim of the Paper (Introduction including research objectives and principle topic)**

During the last thirty years entrepreneurship research has established itself as a legitimate field of study (Wiklund, Davidsson, Audretsch, & Karlsson, 2011). Team based ventures are seen as outperforming solo entrepreneurs (Birley and Stockley 2000). An entrepreneurial team compared to a solo entrepreneur appears to cope better with uncertainties and volatilities in a startup where flexibility and complexity of decision making is imperative (Vesper, 1990). Contrary to expectations most of the literature on entrepreneurship deals with the individual entrepreneur rather than the concept of entrepreneurial team.

Since majority of high-tech startups are founded by entrepreneurial teams (Lechler, 2001), entrepreneurship research calls for a greater understanding of the dynamics of such innovative entrepreneurial teams. Moreover, research suggests that team functioning can often be affected by two important process variables, namely: trust and conflicts (Parayitam & Dooley, 2009). There is growing support for the suggestion to not just explore trust within entrepreneurial teams but also to recognize the implications of its cognitive and affective dimensions (Li, 2013). Likewise, conflicts could have different effects (Breugst, Patzelt, & Shepherd, 2011), depending on whether the conflict is related to a task or to interpersonal differences (Klotz et al., 2013).

It is emphasized that entrepreneurship research requires a concentrated effort towards studying the context in entrepreneurial activity (Zahra and Wright, 2011), especially the under-researched context of incubator-based entrepreneurial teams (Phan, Siegel, & Wright, 2005). As innovative teams have been mostly studied in the context of incumbent firms, the present paper aims at addressing this gap by investigating the role of trust and conflicts as two dimensional processes and team performance in the above mentioned context.

### **Background Literature (Theoretical Basis and Literature Review)**

Research on entrepreneurial teams points out that team members carry a shared commitment towards the new venture (Cooper & Daily, 1997). It has been identified that, in addition to task interdependence and outcomes, entrepreneurial teams are also seen by themselves and others as a social unit (Cohen & Bailey, 1997). This explanation highlights a few significant areas, which form an important basis for this study. Firstly, tasks are interdependent, means that the degree of interaction in such teams is expected to be high, thereby underscoring the possibility of conflicts. Secondly, being seen as a social entity, the processes in such a team are based on a shared commitment towards a common team goal. Trust is mentioned as the most important factor that creates strong social interaction, cooperation, solidarity and team spirit (Erdem & Ozen, 2003).

Social psychology literature identifies and distinguishes the presence of two types of trust, named as reliability/dependability and emotional trust/faith (Johnson-George & Swap, 1982; Rempel, Holmes, & Zanna, 1985). Some researchers follow this distinction by categorizing trust as having dual foundations, namely, cognitive and affective trust (Lewis & Weigert, 1985; McAllister, 1995). The concept of cognitive trust can be traced back to the experimental psychology work of Prisoner's Dilemma by Deutsch (1958), where trust was mentioned as the calculative decision to cooperate. Similarly, attribution research explains that personally chosen behaviour representing care and concern as compared to self-interest can be crucial for affective trust (Clark & Mills, 1979; Clark, Mills, & Powell, 1986; Kelley, 1979). This phenomenon coincides with the organizational citizenship behaviour, which is explained as helpful behaviour that is not directly rewarded but is conducive to the success of the organization (Organ, 1988).

Interaction processes in teams can result in the emergence of conflicts. Conflict research argues that it is a two-dimensional concept (Jehn, 1995), namely task and relationship conflict. The theoretical rationale regarding the above is grounded in the theory of requisite variety (Ashby, 1956) and the

information processing theory (Galbraith, 1973). The theories stated above postulate that the amount of disagreement and variety in a group should match the level of variety in the task for a group to be effective. Entrepreneurial activity quite often requires outside of the box solutions, thereby requiring a variety of information to cope better. Variety of information comes from people with different backgrounds that can manifest in conflicts.

## **Methodology**

The study involves 88 venture teams founded in nine academic incubators in Austria, comprising of 153 team members. Data was collected by means of a standardized questionnaire.

Because of the complex and uncertain nature of an innovative project, in many cases, it is extremely difficult to set objective performance targets at the early stages (Gemuenden and Hoegl, 1998). Likewise, it is also argued that to be successful a two pronged approach of simultaneously being effective and efficient is necessary (Sudit, 1996). Therefore, subjective attributions of effectiveness and efficiency constituted team performance in this study.

A four item scale to measure effectiveness of entrepreneurial team was developed in order to capture the implementation quality of the founding project. For team efficiency, an adapted four item scale from Högl (1998) was used. The exogenous latent variables were the two dimensions of conflict and trust, respectively. Interpersonal conflicts within the team were operationalized using the scale from Jehn (1995) measuring the two dimensions of conflicts: task conflicts (three items) and relationship conflicts (four items). Cognitive trust and affective trust were measured using two adapted four item scales from McAllister (1995). All scale items were measured by a 6-point Likert-type scale ranging from 1="completely disagree" to 6="completely agree".

Research suggests that group norms, which control how members perceive conflict (i.e. whether conflicts are avoided or openly discussed), can influence individual as well as group performance (Jehn, 1995). Thus, a three item adapted scale from Jehn (1995) was used to control for conflict norms. As past interaction of team members can affect trust, two control variables forming one formative construct were included in the model. They measure for how long the team members have known each other from former employment and for how long they have been friends. These two items were measured by a 6-point ordinal scale. The hypotheses were tested by applying partial least squares (PLS) structural equation modeling using SmartPLS (Ringle et al., 2005).

## **Results**

The model indicates significant negative relationships of task conflict and relationship conflict with team effectiveness and a significant positive effect of cognitive trust on team effectiveness. Task conflict and relationship conflict show a weak relationship (10% significance level) with team effectiveness, whereas cognitive trust is highly significant to the 1% level.

Concerning team efficiency two significant relationships were detected. Task conflict and cognitive trust show a significant relationship to efficiency. The coefficient of cognitive trust is positively significant at the 1% level and the coefficient of task conflict shows a negative significant effect to the 5% level.

## **Discussion and Implications**

The study aims at contributing to entrepreneurship literature in the following ways: Firstly, it constitutes one of the first studies that offer an empirical test to uncover the implications of trust and conflicts for team effectiveness and efficiency within high-tech entrepreneurial teams in Austria. Secondly, it reveals if and how the two types of trust (cognitive and affective) at team level impact entrepreneurial team performance. Thirdly, it explores the performance effects of task and relationship conflict in teams characterized by highly uncertain and volatile work dynamics.

Three practical implications emerge from the study. Firstly, in terms of cognitive trust it is essential to realize that team members would interpret and act upon information when they are certain that the other member is knowledgeable and knows the content. This means that such teams could benefit through this reciprocating cycle of strengthening each other's belief within the team in terms of competence and reliability. Secondly, such innovative entrepreneurial teams could address the desirability of cultivating cognitive trust by circulating concrete information and objective data among team members. It would be beneficial to share success testimonials or biographical information highlighting competencies and achievements of team members to augment cognitive trust. Thirdly, entrepreneurial teams high on cognitive trust could display their credentials and henceforth improve their chances of not only obtaining but increasing their funding opportunities at business incubators.

## **Conclusions**

Overall, cognitive trust is recognized as a cornerstone for innovative entrepreneurial team performance. In addition, to maximize efficiency, such teams would rely on having high cognitive trust and low task conflict. Nonetheless, the guideline for being effective centres on having high cognitive trust coupled with low task and relationship conflict. Thus, innovative entrepreneurial teams could benefit most when members trust each other on competence levels. Moreover, both types of conflict predominantly pose a challenge for overall team performance. In essence, the study suggests that in terms of trust (cognitive and affective) and conflicts (task and relationship), innovative entrepreneurial teams manage uncertainty, risk and ambiguity through the predominant cognitive trust.

# **Innovation Process in Cooperatives: The Case of AMUL, India's Dairy Giant**

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Keyword: Cooperatives, Innovation, Social enterprises

# Innovation Process in Cooperatives: The Case of AMUL - India's Dairy Giant

Track: Innovation

## Principal Topic and Literature Review:

There is growing interest around the world in social enterprises which are capable of bringing about social development and more equitable growth. (Dees, 2001, Prahalad, 2009) They include cooperatives, mutual benefit societies, associations and foundations which combine social purpose with earned income strategies. Cooperatives are voluntary organizations, open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political or religious discrimination. Based on principles of self-help, democratic control, member participation, and concern for community, cooperatives combine social goals like empowerment with means to facilitate collective participation in economic activity.

Cooperatives have existed as dominant forms of organization in the dairy industry around the world. Sometimes they have played the role of developing infant industry, or have been used to strengthen weak production bases in an environment where market failures tend to be higher for marginal producers or in some cases, a network of small producers have organized themselves to better market their products.

Cooperatives have also provided some interesting managerial insights for managers in emerging as well as developed economies. Cooperatives have been studied widely in management from various perspectives such as strategic management, organizational structure and embeddedness (Ghosh 2011) There has been research about the impact of cooperative involvement in process innovation, the pricing behavior of competitors before and after the innovation is undertaken, and the social welfare resulting from this competition. Also, there are studies that show that the effect of quality enhancing product innovation by cooperatives is always welfare enhancing; with gains for all consumers, members and non-members of the cooperative. (Konstantinos, 2005). Irrespective of the type of innovation, the involvement of cooperatives that are a backward integration of their members can increase the innovation activity in the market, is welfare enhancing and, thus, socially desirable.

An organization's growth depends on its ability to innovate, to formulate and implement strategies to cope with the changing external environment. The factors that affect organizational innovation can be organized into micro-level and macro-level variables (Damanpour 1991; Kanter 1988). The former include characteristics of individuals, such as creativity and style of problem-solving and decision-making; the latter, various environmental and organizational characteristics, such as environmental complexity, organization size, and control.

Prior research has considered the structure of an organization, its incentive system, resources provided by its environment, or its ways of analyzing firm-external information, and their relationship to the innovativeness of the firm as factors that facilitate or inhibit the innovations in an organization. Research shows that the innovativeness of an organization may change as it evolves either because the facilitators of innovation change over time and so will firm innovativeness or because the relationship between a facilitator and innovation changes as firms evolve. Also, there have been contradictory findings about whether the innovation has been initiated externally or internally; as well as about the relationship between the centralization of power in an organization along its life cycle. (Koberg et al. 1996) As such, most of literature pertains to purely profit-making enterprises and the literature on the innovation process of cooperatives is limited.

Through the case study of AMUL, India's dairy giant, this paper is an attempt to study how a cooperative successfully carries out innovations as it evolves.

## Aims:

Using the case of AMUL, this paper aims to:

1. Study the factors driving innovations in a cooperative as it grows
2. Explain the process of innovation in a cooperative

## **Methodology and Case Description:**

The paper uses an instrumental case study based approach. Data is collected from books, published and non-published articles, newspaper reports and annual reports. This information is used to write a detailed narrative of the innovations drivers and processes at Amul and explaining them through iterative references from literature.

### **Case:**

The Kaira District Co-operative Milk Producers' Union Ltd. (popularly known as Amul) was established in 1946, by a handful of dairy producers. The main purpose was to counter the monopoly of a private company, Polson who supplied milk from a small district in western India to the Bombay Milk Scheme (BMS). Polson would collect milk from the farmers through middlemen who made a huge profit, while the farmers continued to be exploited and poorly paid.

AMUL started with just 2 cooperative dairy societies and 247 liters of milk but in the years to come, it saw an unprecedented growth under the chairmanship of Dr Kurien who was in charge of the dairy since 1950.

The Amul Model of dairy development is a three-tiered structure with the dairy cooperative societies at the village level federated under a milk union at the district level and a federation of member unions at the state level.

In its initial years, (1947-51) Amul enjoyed monopoly status; it remained purely a collecting and supplying agency for a single product namely liquid milk to an assured market of Bombay. In 1951, when AMUL faced a threat to this guaranteed market, it found a successful solution through a technological stride, producing milk powder from buffalo milk; something that was accepted as impossible until then. (Traditionally, milk powder in New Zealand, U.K and other countries was made from cow milk only)

Another innovation by Amul was the installation of more than 4000 Automatic Milk Collection System Units (AMCUS) at the level of Village Societies. This system weighed the milk and determined the fat content at the time of delivery to the center which reduced time and enabled immediate payments to the farmer. In 1957, AMUL was registered as a brand name and launched a new product, 'Amul butter' to cater to sophisticated urban consumers. In 1959-60, AMUL's dairy expanded further to add cheese and baby food to its line of products which was the world's first commercial cheese and baby food production from buffalo milk. In the process it left behind MNCs like Glaxo to capture a sizable share of the Indian market for these products.

Today, the GCMMF (Gujarat Cooperative Milk Marketing Federation Ltd.) markets the Amul brand that includes a range of dairy products including milk, cheese, yogurt, ice cream etc.

The Amul model has helped India to emerge as the largest milk producer in the world. More than 15 million milk producers pour their milk in 144,500 dairy cooperative societies across the country. Amul's mission was the "development of farmers, nutrition to the nation, and heart in heart, the real development of India" (Kurien, 2001). Being a cooperative it provides health schemes and veterinary and other social services to the farmers.

### **Findings and Contribution:**

The case of AMUL right since its inception to current times is replete with examples of innovation; it has been innovative in the products introduced, the process, the technology developed, and also its advertising and marketing strategies; it created new mark through its marketing strategy using the Amul moppet that commented on the news item of the week including politics, economy, cricket and entertainment. All these innovations have produced economic, social and environmental consequences.

This paper fills a gap in literature by providing a case that explains the innovation process in a cooperative enterprise; the motivation, the actual innovation and its impact on the growth of the enterprise. In doing so, it will also inform the theme of the conference of "Sustainability and Entrepreneurship" and throw considerable light on how this process stands to be different from other types of enterprises/organizations; but that remains to be the focus of future research by the author.

# **A Cognitive Mapping Methodology for Identifying the Root Causes of Entrepreneurial Failure**

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## **Keywords:**

Failure, Entrepreneurship, Cognitive mapping, Structural analysis.

## **Track Title:**

Theory and Methodology

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## **A Cognitive Mapping Methodology for Identifying the Root Causes of Entrepreneurial Failure**

### **Aim of the Paper**

The use of cognitive approach in the field of entrepreneurship is becoming increasingly important for understanding entrepreneurial action (Baron and Ward, 2004), such as recognizing opportunities (Cornelissen and Clarke, 2010; Dimov, 2007; Foo, 2011; Mitchell and Shepherd, 2010), generating new ideas (Baron and Ensley, 2006; Grégoire et al., 2011), deciding to launch a new venture (Seawright et al., 2008; Mitchell et al., 2000; Santos et al., 2010), deciding to become an entrepreneur (Rubio- Bañón et al., 2012), and making decisions regarding entrepreneurial growth (Carsrud et al., 2009). However, little research has indicated how to empirically use the cognitive mapping method to explain entrepreneurial outcomes. Moreover, relatively few studies have focused on the use of a cognitive mapping approach to explain “positive entrepreneurial outcomes”, such as the decision to start a new business (Hines, 2000). Until now, few studies have focused on the empirical use of cognitive mapping to explain “negative entrepreneurial outcomes”, such as entrepreneurial exit or failure.

Based on the complementarity between cognitive mapping and structural analysis methods (Helmer, 1972, 1981; Godet and Roubelat, 1996; Smida, 2010), the aim of this paper is to propose a qualitative interpretative framework for identifying the root causes of entrepreneurs’ failure which is defined in this research as an involuntary exit decision (Wennberg et al., 2010). This research exposes the case of a failing entrepreneur as a methodology illustration (Eisenhardt, 1989; Yin, 2003).

This study seeks to provide several contributions. First, given the emotional cost of failure (Jenkins et al., 2014; Shepherd and Cardon, 2009), failing entrepreneurs are typically reluctant to discuss their failure experience (Bruno and Leidecker, 1988; Jenkins et al., 2014; Weitzel and Jonsson, 1989). Even if entrepreneurs are willing to discuss a failure, it is difficult to identify internal causes (Hambrick and D’Aveni, 1988) because the entrepreneurs typically attribute the failure of their new venture to external factors (Rogoff and al., 2004). To circumvent this methodological difficulty, this study proposes to mobilize the psychological theory of attribution (Heider, 1958) to explore the view of the entrepreneur with regard to his/her failure experience (Askim-Lovseth and Feinberg, 2012; Mantere et al., 2013; Rogoff and al., 2004) to identify not only external factors but also internal factors leading to failure.

Second, compared to the decision explorer method (Eden, 2003, 2004), which is the most widely used method to conceive cognitive mapping in the form of causal graphs, the “cognitive use” of structural analysis method is primarily based on a “meta-plan” approach that enables researchers to conduct a deeper exploration of the phenomenon being studied. In fact, given the large number of concepts and the complexity of the interrelation network, it is very difficult to analyze a cognitive map that is presented as a causal graph (Cossette, 2001). By referring to a “meta-plan” approach, the cognitive map can take the form of an influence-dependence plan: a graph in which each concept is projected according to its global influence and dependence on others (Godet, 1994). This graph can be used as “visual support” by researchers and professional actors to provide an overall view of the entrepreneurial failure phenomenon, to better analyze its causes, and to build strategies for avoiding failure.

Finally, the proposed methodological framework is also based on Mic-Mac (the iterative matrix technique), a method commonly used in foresight studies (Godet and Roubelat, 1996). With regard to cognitive mapping, this method can be used to reveal the “hidden” concepts that are believed to be unimportant in the entrepreneurs’ mind but that play a leading role because of indirect influences. Often neglected in the cognitive mapping analysis, these “hidden” concepts can be related to the root causes of entrepreneurial failure.

### **Background Literature**

Despite wide interest in entrepreneurial cognition over the past decade (Baron and Ward 2004; Busenitz and Barney, 1997; Krueger, 2007; Mitchell et al., 2010) only a few contributions have used cognitive mapping in entrepreneurship. First identified by Tolman in the late 1940s, cognitive mapping as a form of memory has been used several times in marketing. For example, cognitive maps were used in the 1970s based on beliefs that the convenience of shopping downtown is related to customers' cognitive maps of the downtown spatial environment. Earlier research on the strategic use of cognitive maps was conducted in the 1970s with Axelrod (1976) and focused on strategic decisions. Cognitive maps move from a spatial environment framework toward a decision-making framework. Numerous applications follow this contribution, such as structuring thoughts (Huff et al., 1992) and the perceptions of strategic alternatives (Calori et al., 1994). Recently, cognitive mapping has been extended to public policies (Eden and Ackermann, 2004) or more general

economics (Sahin et al., 2004). Although there are numerous uses of cognitive mapping, the majority of researchers appear to share the common ambition to improve organizational action (Cossette and Audet, 1992). Verstraete (1996) uses the basic idea of studying how an entrepreneur can control the organization s/he launches.

The researchers cited above propose several definitions of "cognitive map". Cossette's (2001, 2003) definition is the most commonly used in entrepreneurship literature. Cossette and Audet (1992) and Cossette (2001) define a cognitive map as a graphical representation of the mental representation that the researcher has made of a set of discursive representations expressed by a subject (e.g., entrepreneur, manager) from his/her own cognitive representations about a particular object. According to this definition, the researcher conceives the cognitive map according to his/her own interpretation of the discursive representation of the subject. Our objective through the construction of the entrepreneurs' cognitive map is to identify the failure factors of his/her new venture. The application of this method for identifying failure risk factors has been justified by Verstraete (1996), for whom the purpose of cognitive mapping is not to obtain the full cognition of an individual but a part of his/her cognition that is related to a particular subject. Therefore, the researcher who uses this technique draws the map according to his/her own representation of the mental representations expressed by a subject about the studied phenomenon.

## **Methodology**

Based on the complementarity between cognitive mapping and structural analysis, the method introduced in this paper is divided into three stages (1) the description of the expressed concepts; (2) the identification of causality relationships between concepts; and (3) the construction of the key dimensions and associated concepts. However, to understand the entrepreneurial failure phenomenon applying the structural analysis, researchers are confronted with the three following methodological issues: (1) collecting empirical data from the discourse of failing entrepreneurs (the method of data collection); (2) identifying the concepts and links between them (codification method); and (3) analyzing the entrepreneurs' cognitive mapping to identify the critical failure factors (the method of data analysis).

### *(1) Method of data collection*

In data collection, we used the psychological theory of attribution (Heider, 1958). This theory explains how individuals interpret events and provide causal explanations. According to Heider (1958), a person can make external and internal attributions. In external attribution, causality is attributed to external factors. The individual perceives that s/he has no choice. His/her behavior is influenced, restricted, or even completely determined by external factors outside of his/her control (deterministic perspective, e.g. Cardon et al., 2001; Mellahi and Wilkinson, 2004). Conversely, the internal attribution of causality is assigned to internal factors that depend on the control of the individual (voluntarist perspective, e.g. Cardon et al., 2001; Mellahi and Wilkinson, 2004). Based on this theory, Rogoff et al. (2004) suggest that entrepreneurs tend to attribute their success to internal factors and their failures to external causes. An additional problem during the identification of failure factors was evoked by Pinfeld (2001). He demonstrated that although entrepreneurs are aware of their failure factors, they believe that these factors do not apply to them but rather to other persons. For this reason we used the reverse psychology technique in data collection.

In this study, the cognitive structural analysis began in September 2012 and ended in April 2013. Compiling the list of failure factors required a series of open directives and semi-structured interviews, which were enriched through documentary research (e.g., business plan, financial statements, bankruptcy notices). During the processes of listing concepts, we asked the entrepreneurs how the identified concepts or factors explained his/her entrepreneurial exit decision.

### *(2) Method of data coding*

To identify the links between concepts, the method described in this paper focused on the entrepreneur's discursive representations. To this end, in the previous step (data collection), the "entrepreneur's speech data" were divided into "units of analysis". In cognitive mapping, the unit of analysis chosen is the belief about the cause and effect relationship or the influence relationship between concepts (Allard-Poesi, 2003). Thus, it is necessary to identify the assertions, including assertion relationships, such as "concept A / link / concept B", from the entrepreneur's speech data (Allard-Poesi et al., 2003). The objective of this step is to transform the transcribed interviews (raw empirical data) into a homogeneous list generated by aggregating concepts (merging synonymous concepts) and suppressing concepts (in eliminating the concepts mentioned several times). The second step of data coding is the identification of links between concepts using the cross-impacts' cognitive matrix. This matrix determines whether each concept online has a direct impact (direct or influence) on each concept in a column. If the answer is "yes", we entered one at the intersection of the row and column. If the answer is "no," we write zero. Moreover, the diagonal cells must contain the number zero because greatness cannot "self-influence" directly (Smida, 2010). Relations expressed by the entrepreneur and

identified from his/her discursive data were codified. These relations are typically identifiable by a verb category, i.e., armature, leads, conduit, or decreases (Allard-Poesi et al., 2003). Regardless of the direction (positive or negative) and intensity (very low, low, medium, high) of the relationships expressed, the presence of a link between two concepts is codified as one

### *(3) Method of cognitive map analysis*

The cognitive map was constructed and analyzed using the Mic-Mac program (Godet, 1994). This program, chosen for its conviviality and analytical skills, can help to identify the explanatory factors/concepts from the cognitive structural analysis matrix. The program can also classify these factors/concepts according to their sensitivity (dependence variables) and evaluate their impact on other factors/concepts (motricity variables, where motricity is defined as the capacity to have an effect on other factors/concepts).

In addition to the examination of the cognitive matrix of the direct impacts, which allows us to identify the main concepts (the most influential and dependence), it is equally important to recognize the "hidden" concepts, "those which, taking account of indirect relationships and feedback loops, also appear to be very important" (Godet, 1994: 96). The comparison between direct and indirect classification resulting from the Mic-Mac method can confirm the importance of certain concepts and also reveal other concepts that were previously thought to be unimportant but that play a leading role because of their indirect influence. It would be wrong to neglect these concepts in the cognitive analysis process.

## **Results and Implications**

The objective of this research was to apply the cognitive approach using the method of structural analysis as a tool of cognitive mapping. This approach leads to a better understanding of the failing entrepreneur's cognitive mind, allowing us to identify the factors that appear to directly and indirectly affect entrepreneurial failure.

Based on the "cognitive use" of structural analysis, this method includes the following three aspects: the cognitive matrix of cross-impacts to determine the influence or dependence of each factor on entrepreneurial failure, the influence-dependence cognitive plan that is used to group the factors into several dimensions according to their proximity in the influence-dependence cognitive plan and their semantic similarity, and the comparison between direct and indirect classification using the Mic-Mac program (Godet, 1994) to reveal the hidden factors that play a leading role because of indirect actions. The structural analysis of the failing entrepreneur map revealed certain results that would have been difficult, if not impossible, to obtain if we had adopted a positivist approach, such as the discriminant analysis method (Wetter and Wennberg, 2009). In addition, this research demonstrates how we can design a multidimensional framework for exploring the complexity of the entrepreneurial failure phenomenon.

Based on the cognitive mapping of a failing entrepreneur and an expansion of Gartner's conceptual framework (1985), entrepreneurial failure can be modeled as a psycho-economic phenomenon with individual, organization, environment, and process elements, each of which explain why some entrepreneurs fail. The individual failure factors are assessed in six dimensions as follows: the lack of entrepreneurial skills and resources, the incoherence between entrepreneurs' life strategy and new venture strategy, the lack of entrepreneurial commitment and endurance, errors of perception and judgment, and the negative emotional reaction. The organizational failure factors are assessed in the following dimensions: the lack of a clear new venture entry strategy, perceived financial difficulty and workload, and the lack of cohesion and team spirit. The environmental failure factors are assessed in two dimensions: the environmental constraints of a new venture and the family and social context. Finally, the processual failure factors are assessed in three dimensions: entrepreneurial disengagement, personal safety choice, and entrepreneurial exit decision. The findings of this study indicate that entrepreneurial failure is not the exclusive consequence of the existence of a set of failure factors but is rather the result of the interaction among the identified dimensions.

Nevertheless, it is important to clarify that this study focuses on the methodological approach that is used in the construction and analysis of an entrepreneur's cognitive map and not merely on the results that are presented. This contribution demonstrates that using structural analysis as a tool for cognitive mapping could help entrepreneurs and their associates (bankers, consultants, advisers, etc.) to better analyze the root causes of entrepreneurial failure in order to build strategies for avoiding it. For Shepherd (2003, 2004) and Cope (2011), failure can be perceived as a step toward entrepreneurial success, which constitutes an important source of learning because the entrepreneur is forced to conduct a "post-mortem" assessment to understand what led to the failure. In addition, cognitive structural analysis in the study of entrepreneurial failure can be used to motivate nascent entrepreneurs to find more complex dimensions, including the ability to cope with failure (Singh, 2007) and to determine how to transform failure into opportunities for learning.

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## Exploring the Different Patterns of Entrepreneurial Exit

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### Keywords:

Exit, Failure, Entrepreneurship, Cognitive mapping, New Venture Performance

## **Exploring the Different Patterns of Entrepreneurial Exit**

### **Aim of the Paper**

Despite an increasing research literature on entrepreneurial exit (DeCastro & Szyliowicz, 2004; DeTienne & Cardon, 2006; DeTienne, 2010; Wennberg et al., 2010; Wennberg, 2011; Wennberg & Detienne, 2014), no satisfying answer has been provided to explain why some entrepreneurs succeed to insure the survival of their new ventures while others decide to give up. This question will remain extremely complex and difficult to answer if researchers continue to study entrepreneurial exit using static, uni-dimensional and/or binary approach.

Entrepreneurial exit is a dynamic, multi-dimensional and multi-forms phenomenon. Primary, entrepreneurial exit is a dynamic phenomenon because it can be approached as the end of a entrepreneurial process (Vecchio, 2003; Wennberg et al., 2010) which is valuable to study more deeply as a significant part of new venture creation process (Cardon et al., 2011; McGrath, 1999). Secondly, it is a multidimensional phenomenon because it concerns both the individual and firm level (Wennberg, 2011). Finally, it is multi-forms phenomenon because it can take many forms such as liquidation, bankruptcy, or sell-off of a firm (e.g., Aaltonen et al., 2010; Wennberg et al., 2010; Wennberg, 2011). Furthermore, it is a “paradoxical” phenomenon because entrepreneurial exit may be the result of failure as well as success (Wennberg et al., 2010).

To contribute to a better understanding of the complexity of entrepreneurial exit phenomena, the current research proposes a poly-theoretical and typological framework. As the goal of this paper is to provide the widest possible perspective on entrepreneurial exit, we conducted an empirical exploratory study, using cognitive mapping analysis. Thus, rather than formal hypothesis testing, the purpose of this paper is to explore the different scenarios of entrepreneurial exit.

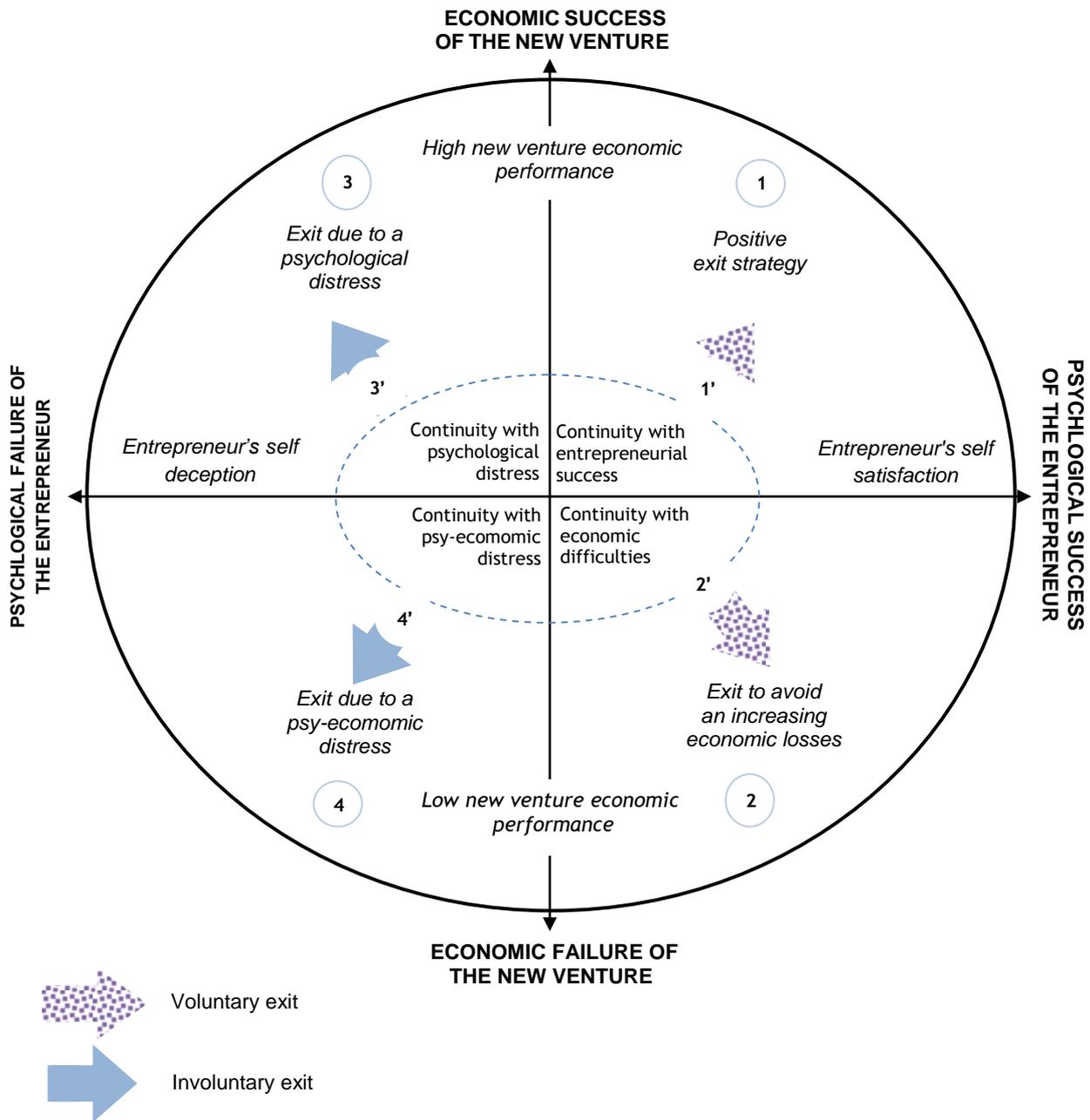
This study seeks to provide several contributions. First, given the little research integrating in the same study individual and firm levels of analysis, the current research proposes an entrepreneurial exit typology based on entrepreneur/new venture dialogic. Second, despite the wide use of cognitive approach in entrepreneurship research (Baron & Ward, 2004; Brännback & Carsrud, 2009; Forbes, 1999; Mitchell et al., 2000), only a few studies have used cognitive maps as a tool for understanding entrepreneurial phenomena including the decision to start a new business (Hines, 2000; Vandekerckhove & Dentchev, 2005). Until now, studies focused on the empirical use of cognitive mapping to explain the exit decisions of entrepreneurs are rarely found. The use of cognitive mapping for exploring entrepreneurial exit can reveal certain results that would have been difficult to obtain if we had adopted a positivist approach, such as the discriminant analysis method.

### **Background Literature**

Recent studies of entrepreneurial exit determine exit routes of the entrepreneurial process based on the ‘sale’ or ‘liquidation’ with high or low performance (Wennberg et al., 2010). Other exit routes based on resources (e.g. capital assets, human capital) and goals for organization and growth (Delmar et al., 2006; Van Praag, 2006; Wennberg, 2011) or personal traits. Wennberg & Detienne (2014) identified three mediated factors in the dynamic of exit, based on the type of the firm. Fragmented among scholars three groups of causes are mentioned: the entrepreneur (Hayward et al., 2006; Ottesen & Gronhaug, 2005; Simon et al., 2000), his/her new venture and his / her organizational environment (Vaillant & Lafuente, 2007). Despite the contributions of the aforementioned studies, little research effort has been devoted to propose a typology of entrepreneurial exit. From the literature three levels of exit can be determined, from where the subject can be studied: environmental level, organizational level and personal level (Wennberg & Detienne, 2014).

Viewing the above view of exit together, it appears that the external factor inherent to the environmental constraints (environmental level), lack of resources and competences within the new venture (firm level) and the absence of a deep entrepreneur's commitment (individual level) may explain the decision of entrepreneurial exit. In terms of consequence, our theoretical framework takes into account three dimensions: the entrepreneurs' self-deception, the poor economic performance of the new venture, which can lead to the exit from the marketplace (disappearance - environmental level); from the new venture (firm level - business discontinuity) or from entrepreneurship (firm level-discontinuity of ownership) (Wennberg & Detienne, 2014). By combining these three dimensions of entrepreneurial exit, we propose a theoretical typology that describes four entrepreneurial exit scenarios.

**Typology of the entrepreneurial exit scenarios  
based on the entrepreneurs/new venture dialogic**



This typology shows that entrepreneurial exit may take other configurations than bankruptcy. Indeed, the most common and extreme form of exit is the dramatic bankruptcy (Scenario 4), which corresponds to the conjunction of two dimensions: the economic failure of the new venture and personal disappointment of the entrepreneur due to a non-realization of their initial aspirations and expectations. The proposed typology demonstrates the presence of other forms of entrepreneurial exit. It shows that there are two predominant dimensions of entrepreneurial exit: economic (organizational-level) and psychological (individual-level). It is the combination of these two dimensions that will determine the fate of the new venture: continuity versus discontinuity. In some circumstances, it is the entrepreneur who will decide whether to continue or stop the entrepreneurial adventure, in other circumstances, it is forced to stop his/her adventure. For scenarios 1 and 2, the decision of the discontinuity is a deliberate decision rather than being obliged, in scenario 3 and 4, entrepreneurs are faced with economic and /or psychological difficulties that force them to exit.

## Methodology

As an exploratory empirical study, the aim of this paper is to provide the widest possible perspective on entrepreneurial exit. Thence we conducted a qualitative study based on 20 exit cases studies. As opposed to the theoretical saturation criterion which is a fundamental aspect of the grounded theory, we used the phenomenological approach in the selection of the case studies. This approach refers to the variety criterion in order to justify adequate sample sizes (Hlady-Rispal, 2002, p. 87). The selection of the case studies is then based on the variety criterion according to the proposed typology of entrepreneurial exit scenarios. In addition to the variety sampling criterion, the selection of these case studies is also based on the criteria of equilibrium and potential for discovery (Stake, 1995, p. 4; Rispal-Hlady, 2002, p. 82).

We applied cognitive mapping, a tool that allows data analysis. Derived from management sciences, the cognitive mapping could be fruitful for entrepreneurial research (Cossette's, 2003). Cognitive maps or 'large-scale space' (Chown et al., 1995) are widely used to explore multi-dimensional phenomena (Piaget & Inhelder, 1967). Cognitive mapping can link the relation between different concepts as 'cause and effect' or the influence between the concepts (Allard-Poesi, 2003). The application of the cognitive mapping on the 'entrepreneurs' speech data' provides insights in the causes of multi-form phenomena as entrepreneurial exit. Besides the negative exit of entrepreneurship, there are positive exits which are identified as well (Wennberg, 2010). This paper is focusing on the exits which are experienced as negative by entrepreneurs.

Based on cognitive mapping, the method used in this paper is divided into three stages. The first stage explores the view of the entrepreneur with regard to his/her exit experience and is based on non-directive interview. The second stage applies the cross-impact "cognitive matrix" to define the relationship among the concepts gathered during the first stage. Assessed from the Mic-Mac algorithm (Godet, 2001), the most influential concepts were identified. In the final stage, the cognitive map composed of concepts and links is analyzed in order to identify the root causes of entrepreneurial exit. From this framework, the twenty case studies of negative exits were examined.

## Results and Implications

The cognitive mapping approach used is based on the evaluation of the importance of concepts structuring the entrepreneurs' cognitive mind. This relative importance was assessed from the Mic-Mac (Godet, 2001) algorithm, which helped us to identify the most influential causes occupied a prominent place in the entrepreneurs "cognitive mind". This approach has helped not only to bring out the most influential concepts, but also the rank of "influence" and "dependence" from the influences/dependences cognitive plan. The distribution of cloud "variable points" in the plan, particularly in relation to the four quadrants can distinguish four main categories of concepts or variables: influential (sector 1), relay (sector 2), dependent (sector 3) and autonomous (sector 4) variables, which by definition, are excluded from the entrepreneurs cognitive mind.

The influential variables are both very influential and little dependent variables. These are by definition the explicative causes of entrepreneurial exit. We can identify the strong influence of two categories: external contextual factors and internal factors associated with the lack of resources. The relay variables are both highly influential and highly dependent. They are by nature mediating factors and present the "tipping point" between entrepreneurial continuity and discontinuity. By analysing the cognitive maps, it appears that psychological distress variables have the moderating effect. The third sector includes the dependent or outcome variables of entrepreneurial exit. They are both dependent and very little influence. These variables are organized around economic and psychological dimensions of entrepreneurial exit.

The results of this study indicate that the use of cognitive mapping can be useful in identifying the emotional and cognitive aspects of exit decision making. The identified causes and consequences show some overlap with those from studies based on a single-dimension approach. Though the identified causes and consequences we can provide a new typology.

The most valuable outcome from this study for starting entrepreneurs may be the remarks from the peer groups, were suggested that some of the mechanisms offer the possibility to work on before the exit will become an option. This implies that some of the exits can be prevented were as is has a positive effect on the firm survival. Lessons learned from the causes identified, can be individual. To explore and generalize possible mechanisms to avoid these causes, peer groups with privileged witnesses of entrepreneurial exit (e.g. accountants, consultants) and entrepreneurs self (not the one from the cases) generalized some possible mechanisms. The resulting cognitive maps can be used as "visual support" by researchers and professional actors to provide an overall view of entrepreneurial exit phenomenon, to better analyze its causes, and to build strategies for avoiding tragic and traumatic exit experiences.

# **The Gay Connection: Exploring the Cultural Capital of Gay Entrepreneurs**

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## **Track Title**

Minority

## **Paper Title**

The Gay Connection: Exploring the Cultural Capital of Gay Entrepreneurs

## **Aim of the Paper**

The aim of this paper is to build understanding of the cultural capital of gay entrepreneurs. The objectives are (1) to explore the connections between gay entrepreneurs and other gay people, (2) to identify the hallmarks of cultural capital therein, and (3) to conceptualise a cultural capital theory of gay entrepreneurship.

## **Background Literature**

In the context of entrepreneurship, the gay individual may or may not differ from his or her heterosexual counterparts. The fact is that so little study is available on the subject that no clear distinction can be derived from the existing work. A recent study has de-scribed the need for better understanding of gay entrepreneurship as 'urgent' (Woods et al., 2012), almost 20 years after Mickens (1994) described it as 'amazing' that no in-depth study had yet to emerge. In order to address this problem in the field of entrepreneurship, this paper contributes a cultural capital perspective of gay entrepreneurship.

While little is understood about gay entrepreneurship, discussion on the topic is increasingly seen in minority entrepreneurship literature. To date research has been exploratory, probing, and foundation building (Lukenbill, 1995; Levin, 1998; Wilsdon, 2005; Schindehutte et al. 2006; Galloway, 2007; 2011; Redian-Collot, 2012; Woods et al., 2012). Yet, the field is still relatively unrepresented in minority entrepreneurship literature. The gay community is commonly addressed in research related to sub-cultures; however the cultural capital lens has not been applied in this context for gay entrepreneurs. This theoretical deficiency highlights the gap to which this study contributes – do gay entrepreneurs benefit from resources made available through interactions with other gay people.

Cultural capital is awareness, knowledge, taste, and consumption patterns unique to a minority group (Bourdieu, 1986; Thompson, 1999). This perspective of entrepreneurship is well used for understanding ethnic and immigrant entrepreneurship where a community plays an important role in the lives of entrepreneurs (Light, 2004). Despite the proliferation of this element of resource theory in minority entrepreneurship, the gay entrepreneur has yet to be studied from this viewpoint. This paper will contribute to the exploratory discussion of gay entrepreneurship, with a focus on the application of cultural capital theory to build understanding in a significant knowledge gap.

## **Methodology**

This research used a qualitative method with in-depth interviews to generate data. The central reasoning behind the adoption of a qualitative methodology is the relatively uncultivated literature of gay entrepreneurship. In-depth interviews were selected as the method best suited to better understanding how the participants interacted with other gay people. Through interpretivist qualitative interviews meaning is sought with the researcher playing a central role in the instrumentation of the methodology. The use of a constructivist approach to the generation, analysis and interpretation of the data ensures that the role of researcher is comprehensively accounted for.

This work accounts for the impossibility of objectivity in qualitative interviewing and has outlined difficulty in this study in the areas of representation and the 'use of self' (Corbin & Strauss, 2008). In response to these challenges this work places emphasis on reflexivity and reflection. It is also understood in this work that the sensitivity of the researcher to the subject has facilitated a quick rapport and trustworthiness which has added to the richness and quality of data generated.

14 interviews were undertaken with Irish gay and lesbian people who were engaged in varied stages of the entrepreneurial process. Access to this sample was facilitated through the establishment of the Irish Gay Business Association network and the resulting database. The sample is diverse – it includes participants of varied age, gender, sexuality, phase, industry/market, experience, education, and outness. The reasoning behind this is that it facilitates both depth and breadth of understanding in the area of gay entrepreneurship. Further, cross-comparison between the various phases of the entrepreneurial process will contribute to the richness of the analysis and significance of the findings in this work.

Measures were taken in this work to ensure that the interviews followed a framework which was compatible with the literature in the field and to guarantee that the research objectives were met. Using an interview theme sheet and interview guide these measures improved the qualitative research process adopted without limiting the emergence of any new information. The central limitations to this approach included a lack of generalizability, bias, and over-extension. These limitations were considered in this work through reflexivity, and were far outweighed by the advantages and appropriateness of this method in this exploratory study. These limitations were further buffered by the use of quality criterion to assess the standard of interviews undertaken and to ensure consistency in this work.

## **Results & Implications**

This study reveals the interactions between gay people throughout the entrepreneurial process. The term 'gay connection' describes the potential for utility of gay people to the gay entrepreneur. The 'gay connections' found in this study mirror those reflected in other areas of minority entrepreneurship research. Through interaction with other gay people, the entrepreneurs in this study showed access to business networks and resources, gay employment, niche products, understanding the gay market, and the ability to act as a conduit for the gay market.

Theoretically, this paper suggests an expansion in the paradigm which has suffused work on the gay entrepreneur to date. This expansion should signify the inclusion of research which explores the positive opportunism which was evident in this work as entrepreneurs harnessed the 'gay connections'. This area of gay entrepreneurship is unexplored, but this is not to take from the other areas of research which also remain unknown. From this work, obvious paths for progression of the field include examination of post-ghettoization breakout for gay entrepreneurs, and the application of a social capital perspective. A particularly rich and interesting path for further work is the apparent link between gay people and creative or non-typical gender occupations.

For policy makers the call from this work is clear – the provision of facilities for business networking and resources. The seemingly unique advantages which emerged from this work may also have a role to play in community specific literature – this could potentially foster creativity, innovation and entrepreneurship in this minority community. The shared meaning and authentic voice of the gay entrepreneur to the gay market is a strategy, through the adoption of this 'gay connection' strategy entrepreneurs may expand their horizons and contribute to the growth of their business.

## The Evolution Track of Korean SMEs through the Virtuous Cycle

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Keywords: sustainability, virtuous cycle, creativity, opportunity, productivity, small and medium enterprises

**Track Title** Sustainability

**Paper Title** The Evolution Track of Korean SMEs through the Virtuous Cycle

### **Aim of the Paper**

This study seeks to identify the growth track of SMEs through the virtuous cycle—creativity through exploration, opportunity through niche creation, and productivity through exploitation. This study aims to understand the behavior of these organizations using the aforementioned health indices, and analyze how they relate to each other and contribute to the overall health of the firms. The goal of this study is not simply to assess the health of a particular business, but rather, to track the evolution of these organizations and see the trend of growth. This study applies this concept to the Samsung Group's suppliers which are deemed SMEs.

The study at hand aims to strengthen the literature supporting the rules of creativity, opportunity, and productivity, based on the combination of various concepts and measures for health used in the past by other studies. The data analyzed in this study provides an explanation as to why the aforementioned indices are the right indicators for corporate growth and longevity. The interplay between the health indices were examined through a review of literature, development of framework, and subsequent data analysis in relation to the application of the said framework.

### **Background Literature**

Corporate longevity is a concept that has confounded organizations and academics alike. Though studies on business health have been done in previous years, there has been no research related specifically to the diagnosis of business health and sustainability undertaken as of present.

Studies in relation to the health indices of business and business ecosystems have been done in the conceptual level and are rarely followed by empirical studies (Anggraeni, Hartigh, & Zegveld, 2007). Moreover, prior studies have not yet delved into the topic of how these rules relate to one another and the path to growth that is brought about by each rule:

#### **Creativity through Exploration**

The Oxford British and World English Dictionary (2013) define creativity as the use of imagination or original ideas to create something. Creativity has also been defined as the production of novel and useful ideas in any domain, which is, in turn, the starting point of innovation (Amabile, Conti, Coon, Lazenby, & Herron, 1996). Similarly, entrepreneurial creativity can be defined as the implementation of novel, useful ideas to establish a new business or new program to deliver products or services. We define creativity as an explorative activity undertaken by an organization to overcome rigidity, active inertia, and competency dependency, achieved through utilizing dynamic capability.

#### **Opportunity through Niche Creation**

Opportunity is the result of the creation of an ecological niche, by establishing niche breadth and depth through market and product development, respectively. According to Dimmick (1997) a population's or industry's niche is its position on the environmental resource dimensions or its resource utilization pattern. He defined a population as a set of organizations that are more like each other than they are like members of other populations. One or more populations may exist within the space defined by a set of resource dimensions.

#### **Productivity through Exploitation**

Previous work has defined productivity as how effectively an ecosystem converts inputs such as raw materials into living organisms (Iansiti & Richards, 2006). Business ecosystem productivity is defined as the ability of the network to consistently transform technology and other raw materials of innovation into cost efficiencies and new products. We define productivity as an exploitative activity undertaken by an organization to maintain the cost effectiveness of its market niche, achieved through utilizing operational capabilities.

Combined, these rules conceptually form a virtuous cycle, as each is hypothesized to positively influence the other. The virtuous cycle is an economic term that refers to a set of events that reinforces itself through a feedback loop, which yields favorable results.

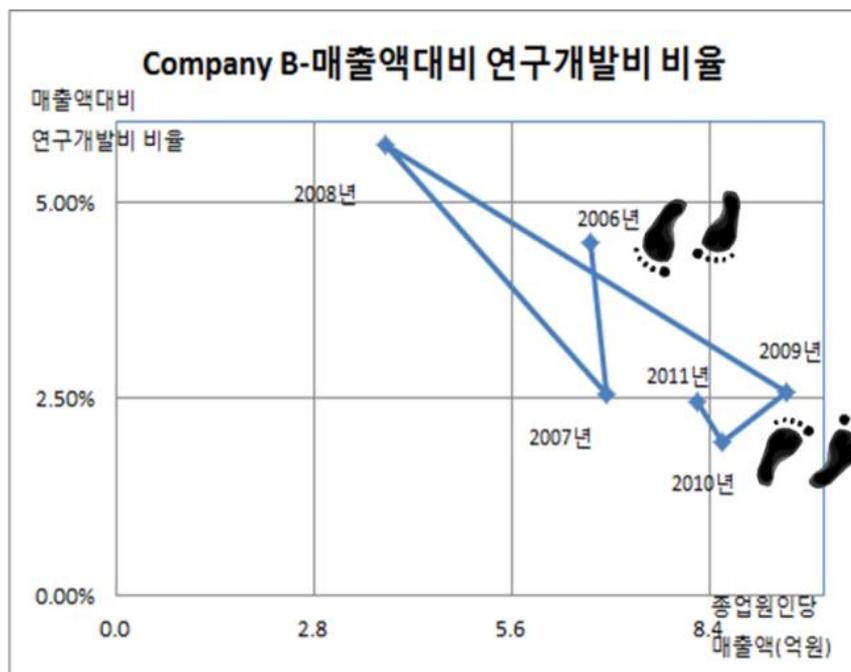
### Methodology

Data analyses were done using the performance data of 54 suppliers of Samsung. The information gathered has been plotted on a diagram, with Sales Revenue per Employee on the x-axis and R&D intensity on the y-axis. Several relationship analyses are also performed in relation to the data. Simple linear regression analyses were ran to find out significant relationships between pairs of variables. The operational measures for creativity, opportunity, and productivity are to be discussed in detail in the Review of Related Literature of the paper. A general idea of the metrics used is as follows:

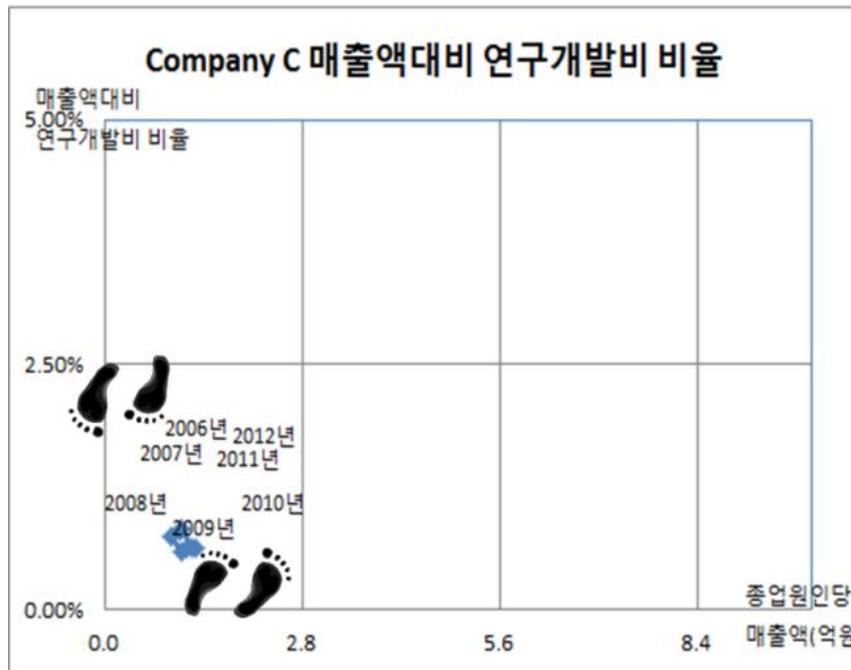
- a) Percentage of R&D to Sales Revenue (Creativity) - This is also referred to as R&D intensity, the ratio of R&D expenditure to sales revenue. It is generally used to compare the effectiveness and efficiency of R&D expenditures between companies in the same industry.
- b) Percentage of Export Sales/Percentage of New Product Sales (Opportunity) - The percentage of new product sales, also referred to as the vitality index, has been used as a measure of innovation effectiveness. This accounts for the ratio of new product sales (or export sales) to the total revenue of the company.
- c) Sales Revenue per Employee/Sales Revenue (Productivity) - Sales revenue per employee is an indicator of the amount attributable to the efforts or individual productivity of every employee within an organization.
- d) Operating Profit per Employee (Profitability) - This is the ratio of operating profit to number of employees. Operating profit refers to the profit earned from a firm's normal core business operations.

### Results and Implications

In the midst of swift technological advancements and stiff competition, firms cannot rely on current successes alone. Now more than ever, the need for creative innovation brought about by R&D should be put in the forefront. This means going beyond one time success and opting for recurring victories by building not only current but also new and future competitive advantages, as exemplified by the companies whose evolution tracks we have analyzed.

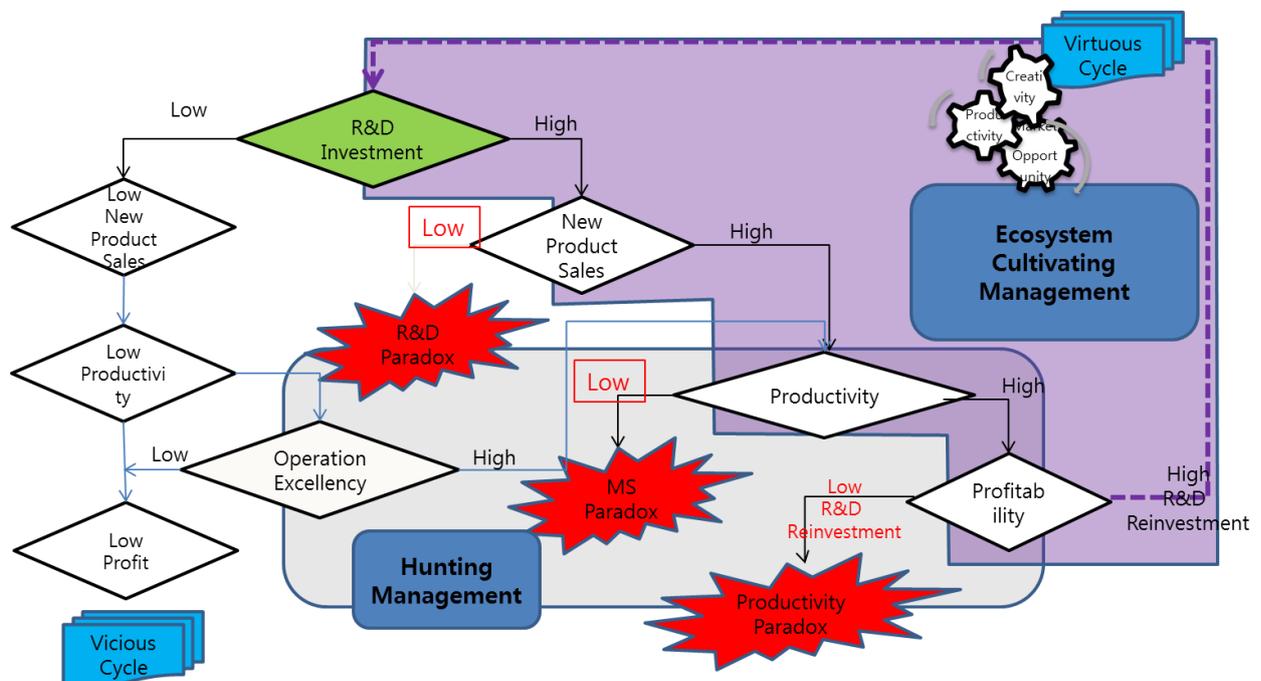


Based on the plotted figures of Company B, it can be seen that a period of profitability follows those years in which R&D investment were high.



Company C's on the other hand, failed to grow, because of below average R&D investment.

This study presents an avenue for organizations to build a long-term strategy. The path presented by the virtuous cycle gives leaders a far-reaching goal for the future, highlighting the importance of R&D to organizations and how it should translate into future opportunities for the firm. To avoid the pitfalls of the vicious cycle, R&D paradox, market share paradox and productivity paradox, organizations have to turn back to the basic market rules: be proactive—invest in R&D; be resilient—create your own niche; be productive—pursue operational excellence; and see farther—continue the virtuous cycle.



Firms which fall into the vicious cycle and experience profitability, as well as market myopia should learn and invest in innovations through R&D and at the same time, pursue operational excellence. On the other hand, firms experiencing R&D myopia must understand the importance of resilience and foresee the direction that market would be heading.

It should be noted that the success of the virtuous cycle does not rely simply on numbers, but more so on the careful planning and decision-making of the organization's leaders. It goes beyond the blind interpretation of health indices, and falls on the proper identification and timing for opening up new niches and the correct management of the workforce to foster productivity and mutual growth.

# Small and Medium Enterprises policy role in Sustaining Technology based Economic development: a Predictive model for increasing firm longevity and health

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## ABSTRACT

Technology based economic development has traditionally focused on the initiation of job and wealth creation. This focus has progressed to include policy and actions that sustain regional growth. This signals a shift in focus from a regional to an individual firm level. Individual corporate longevity and growth is essential to sustaining technology based economic development. Yet models or metrics that provide individual firm longevity predictors or those that suggest actions for firms and regions to obtain or promote corporate longevity remain elusive. If this is so then there is cause for concern.

Further the factors that are compelling for corporate longevity is a concept that has confounded organizations and academics alike. Though studies on business ecosystem health have been done in previous years, there has been no research related specifically to the diagnosis of the factors involved in corporate longevity and sustainability undertaken. In this study, the researchers have identified the three essential rules for assessing the underlying factors that promote organization health, longevity and sustainability. We have measured these three factors ; the rule of creativity through exploration, the rule of opportunity through niche creation, and the rule of productivity through exploitation. We have further measured their effect on the corporate longevity health and sustainability in 2,807 Korean manufacturers in the technology sector.

Finally we provide a business ecology based model to assist policymakers and corporate executives to make policy and take actions to increase firm longevity especially in small and medium firms based on our study of the 2,807 Korean manufacturers in the technology sector. The model is a virtuous cycle that includes three separate nodes which we have named; creativity, opportunity, and productivity operationalized in an effective manner. The study shows that healthy activity in all three areas is a precursor firm growth and longevity where failure on any one of these indices often hinders a firm from attaining its potential. Our model provides a virtuous cycle from creativity (measured by research and development (R&D) expenditure per employee), to opportunity (measured by new product sales revenue per employee), to productivity (measured by operating profit per employee), and back to creativity. Our results show that there is a relationship between each index, extending the research in the field and providing the foundation for our virtuous cycle hypotheses.

**Keywords:** business ecosystem, longevity, virtuous cycle, health indices, sustainability, creativity, opportunity, productivity, small and medium enterprises, technology entrepreneurship

Track Title: Small Business Management

**Do Business Plans Really Matter in New Venture Creation? An Investigation of Moderating Effects of Intention, Actual Efforts, and Short-term Win**

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Key words: *Entrepreneurship, Entrepreneurial Behavior, Venture creation, Strategy Implementation*

## Aim of the Paper

The contributions of new ventures to the economic well-being of regions and countries are undeniable. The importance of these firms for job and wealth creation has led researchers and policy makers to search for factors that predict firms' success and survival (Audretsch et al., 2013). However, establishing a new venture is not an easy task but a demanding and complex challenge. According to the Panel Study of Entrepreneurial Dynamics (Delmar & Shane, 2004), a representative large-scale survey of nascent entrepreneurs and their start-up projects in the US, only one out of three start-up projects eventually results in an operational new venture. This indicates that two-thirds of all start-up attempts are abandoned at some time during the venture creation process and thus do not unfold beneficial effects on the economy. Therefore, it is important to better understand the determinants of start-up progress in the venture creation.

The specific purposes of this study includes 1) how new venture starts up, 2) how entrepreneurs implement business plan, and 3) how entrepreneurs keep their intention or invest their efforts into the business. We highlight entrepreneurs' attitudes or behavior as a critical implement variable in venture creation. To address the issues above, this study identifies a process model of venture creation at both individual and organizational level. The process model of new venture creation developed in this paper is based on PSED (Panel Study of Entrepreneurial Dynamics) dataset from 2005 to 2011.

## Background Literature/Hypotheses

The role of the entrepreneurs in creating ventures has been approached over many years from many different perspectives (Shane, 2000). The studies pointed out that entrepreneurial thoughts and behaviors are not stable characteristics that differentiate some people from others across all situations (Shane & Venkataraman, 2000). Instead, developing an understanding of how individuals interact with different environments maybe a key to understand "why, when and how different modes of action are used to exploit entrepreneurial opportunities" (Shane & Venkataraman, 2000: 218).

Previous studies have focused on the relationship between characteristics of the entrepreneurs and new venture creation (Carter, Stearns, Reynolds, & Miller, 1994). While researchers have attempted to apply unique theories, such as human capital theory (McMullen & Shepherd, 2006), empirical studies have reported mixed results about relationship between traditional human capital indicators (e.g., educational background, start-up experience) and progress in the venture creation process (Bird et al, 2012; McMullen & Shepherd, 2006). These results may indicate that we still need to understand more about the role of entrepreneurs.

Therefore, we examine the role of entrepreneurs in entrepreneurship over time. In particular, we consider *entrepreneurs' intentions* and *behaviors* at the individual level variables that would influence venture creation. Then, we suggest the *short term win* (Kotter, 1996) as an moderating variable at the organizational level. Much past research has focusing on a single aspect of new venture creation and its main purpose has been to show how entrepreneur's attribute or motivation affect venture creation (Bird, 1988). Yet, we can understand more deeply the process of new venture creation when we also consider organization level. Based on these arguments, this study identifies the process model of venture creation at both individual and organizational level.

### The Relationship between Business Plan and New Venture Creation

The business plan arising from entrepreneurs' ideas and intentions build the initial strategic template of new business and are important underpinnings of new venture development (Bird, 1988). Even if entrepreneurial plan (e.g., for new product, new services) begin with inspiration and passion, then business plan is needed in order for organization to carry out the goal of organization. Since the future of new venture is unknowable, the possibility of new venture creation inherently faces high level of uncertainty (McMullen & Shepherd, 2006). The lack of business plan may add more uncertainty on the new venture.

Business plan refers to people's thoughts about the sequence of operational steps necessary to achieve the goal (Gielnisk et al., 2013). Therefore, business plan specifies how people want to achieve their goal (Bird et al., 2012). Accordingly, we expect that entrepreneurs lead to new venture creation only if the goal intentions are specified by planning. The business planning directs and controls people's efforts and thus helps them to get started with goal-oriented behaviors (Herron & Robinson, 1993).

Furthermore, once goal-oriented behavior is initiated, business plan helps to maintain the behaviors. Through prioritizing, business plan structures the pursuit of goals and increases persistence (Estrin et al., 2012). This means that business plan helps nascent entrepreneurs to focus their efforts and attention on key activities. And planning reduces the probability of entrepreneurs wasting efforts by executing unnecessary activities or activities in an ineffective sequence (Delmar & Shane, 2004). In addition, nascent entrepreneurs who develop plans are better able to monitor the progress of the start-up process and make the necessary corrections if deviations occur (Shane & Delmar, 2004). Thus, the goal intention specified by business plan is

directed towards the relevant actions to create a new venture. Accordingly, we suggest *Hypothesis 1* as follows:

*Hypothesis 1. The business plan of entrepreneurs will be positively associated with the new venture creation.*

## **Entrepreneurs' Intentions and Actual Efforts**

### ***Entrepreneurs' Intentions***

Research has shown that entrepreneurial intentions have a significant impact on all organizations. For example, executives' personal values have been found to affect corporate strategy (Hrebiniak & Joyce, 1984) and intention has been shown to play an important role in executive problem solving (Kotter, 1996). The impact of the leader's intentions may be even greater at the birth of an organization, when the influences of external stakeholders, corporate structure, politics, image, and culture have not yet been established. Thus, the intentions and skills of the entrepreneurs determine the not only size and growth potential of the venture but also the new venture creation (Baum, Locke, & Smith, 2001).

Intentionality is a state of mind directing a person's behaviors toward a specific goal or a path in order to achieve something (such as new venture creation). As a psychological process, intention has been examined by a number of theorists and researchers (Bird et al., 2012). Research shows that a person's intentions sustain value or effort despite interruptions (Kotter, 1996). Some studies have found that the process involves persistence, perseverance (Boeker & Karichalil, 2002) and intentional control over those mental images and values which guide behaviors. In this paper, entrepreneurial intentions are aimed at creating a new venture.

As such, founder's intentions of putting effort may determine the possibility of successful new venture creation. Subsequent organizational success, development (including written plans), growth, and change are based on these intentions of putting effort. According to Gielnik et al. (2013), successful actions of entrepreneurs (such as starting a new business) require detailed plans in combination with goal intentions. We therefore propose that:

*Hypothesis 2. Entrepreneurs' intention of effort moderates the positive effect of business plan on new venture creation: the higher the entrepreneurs' efforts, the stronger the effect.*

### ***Realization of Intention***

A key outcome of entrepreneurship is the creations of new business (Gartner, 1985). With respect to nascent entrepreneurs, as already mentioned, prior studies have provided insights into the mechanisms that lead to the creations of new ventures (Bird, Schjoedt, & Baum, 2012). Researchers agree to the nascent entrepreneurs' actions do a critical role in terms of new venture creations process (McMullen & Shepherd, 2006). While the studies are still useful, it is not clear whether the intention is actualized by entrepreneurs' efforts. In fact, even though some studies have argued the importance of plans for moving from goal intentions to action, the results only confirmed that goal intentions alone is not sufficient for initiating action (Frese, Gelderen, & Ombach, 2000). We think that this is because there is difference big difference between intention and actual efforts. Entrepreneurship may require one not just to decide but to decide to act. Therefore, it is logical to say that planning and intention are not enough. When entrepreneurs draw up plans and put them into practice, the plan can be realized.

*Hypothesis 3. Entrepreneurs' time spending moderates the positive effect of business plan on new venture creation: the higher the entrepreneurs' efforts, the stronger the effect.*

## **The Role of Short-Term Win**

Although many scholars have emphasized the individuals' role under uncertainty (Delmar & Shane, 2004), it is important to note that a decision is a necessary but insufficient condition for the occurrence of entrepreneurship (Hrebiniak & Joyce, 1984). Entrepreneurs need to respond to and create change through their entrepreneurial actions, where entrepreneurial action refers to risk-taking behaviors under uncertainty. To get over the fear of uncertainty, entrepreneurs must be charged their energy to put into. Short-term win can provide conviction about the possibility (Kotter, 1996; Hrebiniak & Joyce, 1984). In particular, Kotter (1996) argued that short-short term win facilitate the strategy implementation. He explained that short-term wins not only provide evidence entrepreneur's effort is worth but also help give the guiding data on the viability of their business plans. Without these short-term achievements, entrepreneurs rarely bear the high uncertainty. Accordingly, we suggest:

*Hypothesis 4. Entrepreneurs' short-term win moderates the positive effect of business plan on new venture creation: the more short-term wins, the stronger the effect.*

## Methodology

### Sample and Analytic Strategy

For testing hypotheses, we use secondary data sources of PSED from 2005 to 2011. We used a random effect model to assess the effect of entrepreneurial behavior on new venture creation.

### Variables

#### **Dependent variable: New venture creation**

New venture creation is measure whether they develop the product or ready to sale (Aldrich, 1999). Thus, we asked "Is the product or service that this (new) business will sell completely developed and ready for sale or delivery, (has/had) it been tested with customers as a prototype or procedure, (is/was) it being developed as a model or procedure, or (is/was) the product or service still in the idea stage (before your involvement ended)?" This is coded as 4-Likert scale.

#### **Independent variables**

##### **1) Business plan**

We measure *business plan* by asking, "Have you already begun preparation of a business plan for this new business?" If they answer yes, we coded this variable as "1" and "0" in case of no business plan.

##### **2) Intention of efforts**

We measure *intention of putting in effort* by asking, "I am confident I can put in the effort." This is coded as 5-Likert scale (strongly agree, agree, neither agree nor disagree, disagree, or strongly disagree)

##### **3) Realization of intention**

We measure *realization of time spending intention* by asking, "How many hours in total have you devoted to this new business?"

##### **4) Short-term win**

Short-term win is measured by asking, "Have you received the first outside funding from financial institutions or other people for this new business?" If they answer yes, I coded this variable as "1" and "0" in case of no business plan.

## Results

Table 1 shows the results of random effect estimate of regression. As shown in Model 2, the business plan does not impact the new venture creation, indicating reject for Hypothesis 1.

As shown in Model 3, the intention of investment effort has a positive beta and is statistically significant ( $\beta = 0.0464$ ,  $p < 0.05$ ), and the Hypothesis 2 is supported. In contrast, the actual time spending is not significant. Therefore, the Hypothesis 3 is not supported. This result indicates that the quantity of time spending may not be a critical determinant of new venture success. Lastly, the organizational process variable (short-term win) moderates the effect on the relation business plan and new venture creation marginally ( $\beta = .0083$ ,  $p < 0.1$ ). To better understand the moderating effects of process variables on the relationship between business plan and new venture creation, we depict the relationship in Figure 1.

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Insert Figure 1 Here  
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## Discussion and Implication

In this paper, we argued that the process variables can be identified with both individual and organization level variables. To test the hypotheses, we have attempted to introduce a process model that includes variables such as intention, the actual efforts, and short-term win.

This study is a response to recent calls for more focusing on the process model of new venture (Bird et al., 2012). By combining micro level variables and macro level variable, we were able to enrich process

model of new venture creation, so that we can better explain the relationship between business plan and new venture creation.

As a preliminary analysis, we have found some interesting results to discuss. First, while we hypothesized a positive relationship between business plan and new venture creation, the results were somewhat mixed. Contrary to our expectations, business plan itself does not influence new venture creation. Rather, the moderators that are involved in process show more predictive power to explain new venture creation. We think that this is an interesting and important finding because these results contradict the traditional perspective regarding business idea, intention, or plan. Again, previous studies have identified that entrepreneur' idea itself is associated with new venture success (Bird, 1999). However, our empirical analysis shows that just idea or plan is not sufficient. Efforts and perseverance are more critical in new venture success.

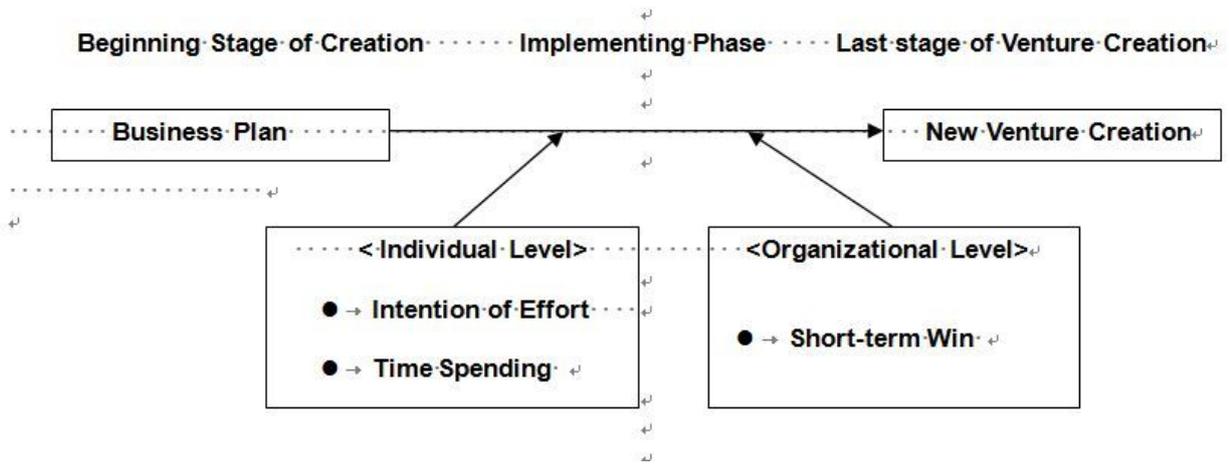
The decision to start up is a strategic decision by entrepreneur (Delmar & Shane, 2004). It involves non-routine decisions to commit major resource/effort (Shane & Delmar, 2004). Therefore, the success of new venture creation is related to unceasing effort. This paper has shown some empirical evidence that when entrepreneurs attempt to start up, effort and perseverance on business is even more critical than *glitter idea itself*.

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APPENDIX

FIGURE 1



**TABLE 1**  
**Regression Analysis of the Random Effect Model<sup>a,b</sup>**

Variable Name	Model 1	Model 2	Model 3
Size	0.1136 [1.159]	0.0203 [1.177]	0.1371 [1.175]
Education	0.1250** [0.038]	0.1248** [0.038]	0.1199** [0.038]
Experience	-0.0539 [0.061]	-0.0540 [0.061]	-0.0509 [0.061]
Age	0.0085 [0.006]	0.0084 [0.006]	0.0075 [0.006]
Supportive Norm about personal efforts	0.0691 [0.084]	0.0683 [0.084]	0.0637 [0.084]
Risk-taking Norm	-0.0960 [0.074]	-0.0965 [0.074]	-0.1022 [0.074]
Banker/Investor Support	0.0059 [0.054]	0.0062 [0.054]	0.0075 [0.054]
Business Plan		-0.0423 [0.092]	0.0157 [0.096]
Plan*Intention of Efforts			<b>0.0464*</b> [0.019]
Plan*Time Spending			-0.0037 [0.003]
Plan*Short-term win			<b>0.0083+</b> [0.005]
Observations	1,261	1,261	1,261
Number of sampid	1,212	1,212	1,212
	Wald chi2(33)	= 124.50	
corr(u <sub>i</sub> , X)	= 0 (assumed)	Prob > chi2	= 0.0000

<sup>a</sup>.Significance levels: † p< 0.1, \*p < 0.05, \*\*p < 0.01, \*\*\*p < 0.001.

<sup>b</sup>. Industry Dummy is omitted.

An Investigation into the factors that affect the satisfaction with collaborative growth  
programs of Korean Power Companies

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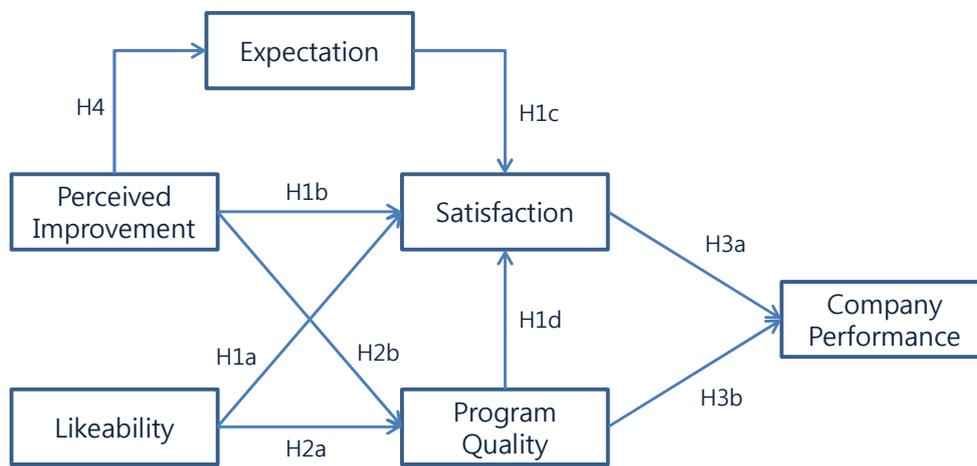
Abstract

In recent years, Korean government has been emphasizing the social responsibility of large companies and collaborative growth (or win-win growth) between large and small companies. Accordingly, many policies have been crafted by the government to promote the collaboration and many programs have been implemented by large companies including public corporations to improve the performance of small and medium companies. For example, the major programs offered by Korean power companies range from research and development support, technology development support, sales channel development, management innovation, human resource development, and financial support including loans. These efforts on the collaborative programs achieved some intended but limited success to result in critiques that those programs are mostly showcases.

Regardless of the critiques, considering the fact that the economy dominated by large corporations experiences low rate of capital accumulation, low rate of GDP(Gross Domestic Product) growth per capita, and low rate of employment (Fogel, et al, 2006), it is important for the government to boost up SME (Small and Medium Enterprise) growth through the win-win growth strategy. To make the policy and programs effective, it is necessary to critically review the practices of win-win growth programs, identify the factors that affect the acceptance of the programs and SME's satisfaction with the programs, and understand the relationships among the factors.

In this study, we propose a research model that includes the factors affecting SME performance in the

context of the win-win growth practices. The factors identified in this study are satisfaction with the win-win growth programs, perceived quality of the programs, expectation on the level of the programs, perceived improvement of the win-win growth programs, and likeability of the company which offers the programs. The research model drawn from literature review and the results of interview with the suppliers of Korea West Power Corp is depicted in a pictorial form as in Figure 1 where each path represents a hypothesis.



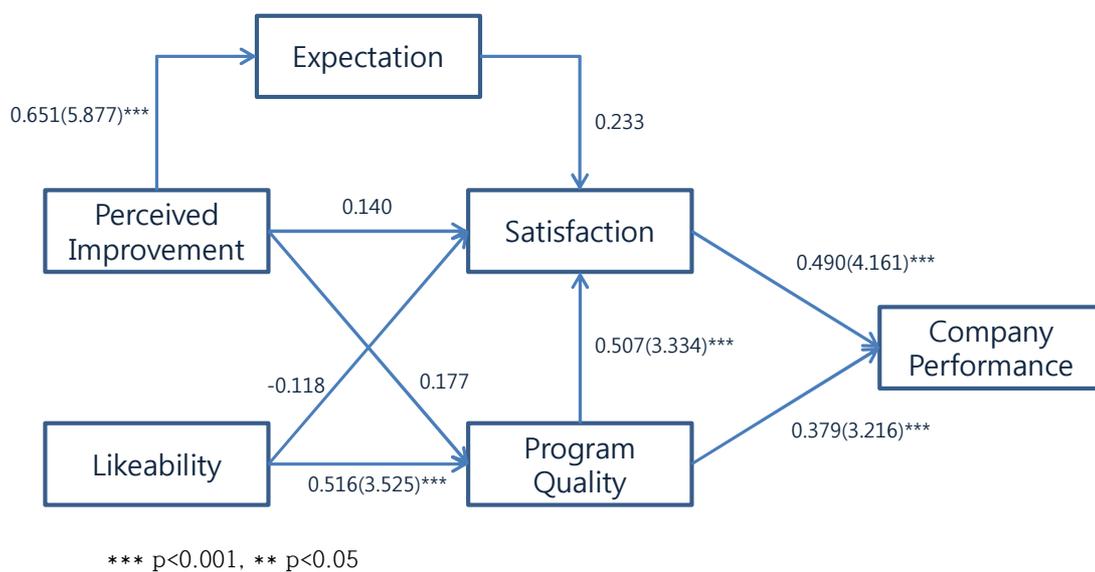
[Figure 1] The proposed research model

In the model, we hypothesize that company performance is affected by satisfaction with the programs and the program quality in the context of the win-win growth practices. Program quality is designed to be affected by perceived improvement of the programs and likeability toward the transacting company. Satisfaction with the programs is hypothesized to be influenced by perceived improvement, likeability, and expectation. Finally expectation is assumed to be affected by perceived improvement.

Before we collected data, we performed interview with 4 key suppliers of Korea West Power Corp to understand what they think about the programs and what the key problems the suppliers perceive are. The results of the interviews were reflected to the survey questionnaire as well as the proposed research model. We then collected the data from suppliers of Korea West Power Company using survey questionnaire. We distributed the survey questionnaire to 100 suppliers and 64 companies returned the questionnaire (response

rate 64%). Among the respondents, part manufacturers are 38 (59.4%), followed by construction companies (9, 14.1%) and service companies (8, 12.5%). To check the relevance of data and analyze the measurement model, we used SPSS18.0 and AMOS 18.0., but due to the small number of sample, we employed the regression analysis for hypothesis test.

Figure 2 shows the results of the model test which indicate a key path from likeability to program quality to satisfaction which leads to performance.



[Figure 2] The results of the hypothesis test

Key findings are the following. Program quality affects both satisfaction with the win-win growth programs and supplier performance such as increases in sales volume and profit and supplier’s reputation and credibility. This result indicates that improving program quality is very important to enhance supplier satisfaction and performance. When we surveyed the suppliers about the programs they preferred, they answered that programs that can help improve their profitability and fit their business characteristics.

Program quality is affected by likeability which is the extent suppliers like a buyer company. This result indicates that the buyer company may treat suppliers as partners and in a fair manner. Likeability is defined as

the integral sum of perception, belief, and impression that an individual develops responding to a company's behaviors (Dowling, 1993). Likeability is argued to influence individual behaviors related to the company or person in a consistent manner (Fombrun and Shanley, 1990). Hence, the buyers need to put efforts to increase the likeability of their company to enhance the perception about the quality of their win-win growth programs.

Surprisingly contrary to our expectation, perceived improvement and expectation appear not to affect satisfaction. We drew these hypotheses from extant literature of confirmation and disconfirmation. The reason of this result may come from using the constructs separately without using the gap between expectation and perception. This needs to be tested in the future study.

The limitation of this study is the following. Firstly, this study collected data from partners of power companies so that overall issues of SME cannot be covered. Future study needs to include more samples from different industries to improve the generalizability. However, considering each industry may have a different environment which requires programs different from the power industry, the findings of this study can be used as an anchor point. Secondly, we did not use control variables which may exert much influence on firm performance. Future study needs to include control variables to make the impact of program quality and satisfaction on firm performance.

Even with the limitations addressed above, this study is important in a sense that this is the first empirical study to understand the factors that affect firm performance and the perception of program quality. Future studies need to use this study as a stepping stone for further investigation.

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## **Expanding Effectuation: Social Structure, Agency and New Venture Creation**

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Key Words: effectuation, new venture creation, critical realism, social structure, agency

**Track Title:** Theory and Methodology

**Paper Title:** Expanding Effectuation: Social Structure, Agency and New Venture Creation

### **Aim of the Paper**

During the past decade and a half, effectuation has become an influential approach to thinking about entrepreneurial processes (Sarasvathy 2001, 2008). Entrepreneurship is defined as a form of expertise involving a particular logic of decision-making under conditions of uncertainty related to starting a new business venture. Effectual logic comprises a set of design principles for transforming extant environments into new firms and markets. Sarasvathy argues that the effectual logic typically adopted by expert entrepreneurs can be contrasted with the causal logic argued to shape novice entrepreneurs' decisions.

The paper offers a critique of the effectuation literature from a critical realist standpoint. We aim to expand on the valuable insights of effectuation thinking by embedding them within a broader sociological understanding of how entrepreneurial action emerges from the continuous interplay between human agents and social structures which, in turn, are reproduced or transformed through agents' activities. We demonstrate the utility of this expanded effectuation framework by showing how it might be used to explain particular examples of new venture creation.

### **Background Literature**

Sarasvathy (2008) identifies five key elements of entrepreneurial expertise, each of which is argued to invert key decision-making criteria taught in business schools and argued to be used by novices. The five principles are: bird-in-the-hand (use readily available means); affordable loss (invest only what you can afford to lose); crazy quilt (create an expanding network of self-selecting stakeholders); lemonade (leverage contingencies as new inputs); and the pilot-in-the-plane (co-create the future without worrying about predicting it). Expert entrepreneurs, it is claimed, focus on those elements of the environment they can control in order to create new products, firms and markets, rather than attempt to predict the future and act in a manner informed by such predictions. Effectuation ideas have gained considerable currency in the academic community. Entrepreneurship researchers have sought to validate the effectuation approach in subsequent studies and to use the ideas to explain and interpret their own primary data.

Effectuation approaches provide important insights into new firm and market creation processes. First, effectuation emphasises the role of human agency in the creation of entrepreneurial opportunities, firms and markets, through the transformation of existing conditions. Second, effectuation thinking highlights that such transformations are deeply social processes involving the interaction of multiple stakeholders; they are not simply the work of lone entrepreneurs acting in isolation. Third, effectuation emphasises that human agency is always exercised under conditions of uncertainty; there are no guaranteed outcomes. Entrepreneurs and their stakeholders might fail in their attempts to co-create new products, firms and markets. Such important insights, we argue, can contribute to more powerful explanations of new firm and market creation when recast within the framework of a critical realist social ontology that distinguishes agency and social structure, and recognises entrepreneurial action as generated by their necessary causal interaction.

### **Methodology**

Our purpose is explicitly theoretical; we do not present any new empirical data. We review the main effectuation sources and set out a critical realist critique of the approach in order to develop a broader conceptual framework for explaining new firm and market creation processes. We draw on the philosophy of Bhaskar (1978, 1979) and its applications in social theory (Archer 1995) in order to critique the ontological presuppositions and specific empirical claims of effectuation thinkers. Critical realism posits a specific set of metatheoretical commitments intended to guide research and underpin scientific explanation.

Despite the attempt of effectuation thinkers to define entrepreneurship in terms of social processes, the approach remains excessively agent-centred and fails to incorporate adequate conceptions of the role and influence of diverse social structures on entrepreneurial decision-making. Effectuation ideas are useful but, as in other areas of entrepreneurship scholarship, the focus on agency needs to be balanced with a more robust conception of the social-structural conditions that enable, motivate and constrain entrepreneurial action. We illustrate the potential value of an expanded effectuation approach drawing extensively from the research literature on firm formation processes.

## Results and Implications

Our critical review of effectuation thinking enables us to four main contributions to the entrepreneurship literature. First, we expand the scope of effectuation thinking as a framework for explaining new firm and market creation, by integrating social-structural influences alongside agency at the heart of such processes. Effectuation emphasises the logic of decision-making irrespective of the particular content of decisions. But, developed appropriately, effectuation ideas might support insights that provide more powerful explanations of new venture and market creation processes.

Second, we criticise effectuation theory for its ontological underpinnings, or rather their absence. All social science research is informed by metatheoretical assumptions regarding the nature of the human-made world (ontology) and how it can be known (epistemology) (Bhaskar 1979). Ontology is non-optional. Failure to set out ontological assumptions explicitly only leads to them being reintroduced into analysis and explanation implicitly. Such assumptions necessarily influence research practice, intentionally or unwittingly, shaping conceptions of the social objects studied and the methods used to study them. By adopting a pragmatist approach, effectuation theorists have attempted to sidestep this issue – but this leads to the adoption of a partial and inadequate conception of new firm and market creation processes.

Third, effectuation over-emphasises the role of human agency in the creation of new firms and markets to the neglect of a proper conception of the powerful influence of social structure. All human action has conditions of possibility that enable it to occur; research should specify the conditions that make particular forms of entrepreneurial action in particular social contexts possible. While, *collectively*, agents bring business ideas to fruition, creating new firms and markets in the process, individually, none can simply manufacture profitable opportunities solely by force of will independently of wider social circumstances. This point is partly acknowledged by effectuation thinkers in their discussion of stakeholder networks involving customers, suppliers, financiers, employees and other partners but the influence of social structure is under-theorised. Effectuation thinking operates with an under-elaborated conception of 'the environment' or 'external world', conflating the very different social-structural influences that mould new firm and market creation.

Fourth, explaining entrepreneurial processes necessarily requires that attention be paid to agency *and* social-structural influences. A critical realist approach conceives of entrepreneurs as necessarily drawing on a range of social structures in order to act. These include the stakeholder networks effectuation scholars refer to - but there is little explicit recognition that entrepreneurs and network partners occupy multiple social-structural positions, and possess particular causal powers as a consequence. Social structures influence agents' access to material and symbolic resources as well as shaping their subjective beliefs, modes of reasoning, dispositions and intentions. Sociological theory offers rich resources to conceptualise social structures and their influence. An expanded effectuation approach can provide deeper analyses of new firm and market creation by drawing on sociological theory, in order to specify the variety of social structures that impinge upon entrepreneurs, and to show how such structures enable, motivate and constrain particular agents in particular ways in particular times and places.

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# **Challenges and Solutions in Developing Entrepreneurial Skills of University Students**

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Key Words: entrepreneurial skills, university students, entrepreneurship training and education

**Track Title**

Education

**Paper Title**

Challenges and Solutions in Developing Entrepreneurial Skills of University Students

**Aim of the Paper**

Traditionally, university educational process is considered as a tool for obtaining knowledge and skills needed for a given sophisticated profession. It is recognized also that an university education is able not only to provide a desired knowledge and skills but also to change students' perceptions, attitudes and as an outcome of these changes – to develop particular skills and social behaviour.

The dynamic changes in the business environment create many challenges to professional carriers of young graduates – for most them a clear carrier path for a certain profession is rather questionable than predictable. The fact of taking university diploma is not anymore guarantee for professional success and even realization. Undoubtedly, a fund of professional knowledge is a must for every higher educated specialist but her/his success will increasingly depend on particular set of skills that could be referred as entrepreneurial competencies. As such competencies must be mentioned risk-taking propensity, determination, initiative, creativity, responsibility, presentation, communication and negotiation skills, networking and developing relationships.

The aims of the present paper is to discuss the approaches and methods in creating and developing entrepreneurial qualities among the bachelor and master degree students in entrepreneurship at the University of National and World Economy, Sofia, and to reveal the challenges and limitations to the process of implementation of such approaches in the frames of the current educational process as well as the solutions developed and implemented in practice.

**Background Literature**

The literature reviewed and discussed covers three interrelated areas of knowledge related to the paper's topic and aims:

- entrepreneurial skills and competences;
- entrepreneurship education and training at university level;
- conceptual and methodological issues of learning and developing entrepreneurial skills.

The literature review tried to present authors from different geographical, cultural, and socio-economic context in order to compare the contextual specifics in developing entrepreneurial skills. It also compares conceptual with empirically derived knowledge. Partially, some sources concerned with modern university developments and youth problems are referred too.

**Methodology**

The methodology employed includes literature review of the recent concepts and studies of entrepreneurship education, entrepreneurial competencies, training and learning approaches and methods as well as a purposefully desined empirical study of two groups of university students attending bachelor and master degree programmes in entrepreneurship. Methodology reflects also the personal experience of the author as entrepreneurship trainer and lecturer, his practical observation on entrepreneurial carriers of his former students, presented in the paper as brief illustrative cases.

**Results and Implications**

The results challenge the existing and prevailing conservative design of educational framework which is considered as very restrictive in terms of introduction of relevant approaches, methods and exercises needed for development of entrepreneurial competences of university students.

Implications to entrepreneurship education highlights the need for entrepreneurial attitude and behaviour of universities, expressed in the revision of some of the existing principles and practices implemented in the current curricula, especially that concern entrepreneurship bachelor and master programmes.

# **Exploring Tensions Between Social and Business Mission in Social Enterprises**

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Key words: Social enterprise, innovation, case study

Track Title: Innovation

Paper Title: Exploring Tensions Between Social and Business Mission in Social Enterprises

Aim of the Paper:

Social enterprises are growing and interesting phenomena for academics, practitioners as well as policy makers. Social enterprise is seen as something new and distinct from classical business and traditional non-profit activity, combining at different extents elements of the social purpose, the market orientation, and financial-performance standards of business (Young 2008). Social enterprises therefore combine business logic and social goals and usually tackle the wicked problems of our society such as environmental problems, injustice and poverty.

Studies that link innovation to this phenomenon at hand, are made from viewpoint of social entrepreneurship. Following the idea of Mair & Martí (2006) that social enterprise is outcome of social entrepreneurship therefore leave the innovation activities in social enterprises rather unexplored territory. It seems that little is known how established social enterprises organize innovation, how innovation is managed in these organisations and what are the challenges of social enterprises.

This paper aims to shed light on the current challenges that social enterprises and social entrepreneurs face. Particularly, the aim is to investigate how the tension between social and business goals can be transformed to innovation drivers.

#### Background Literature

The field of social entrepreneurship and social enterprises is considered poorly defined and fuzzy (Mair & Martí 2006; Dart 2004). Social enterprise' has different definitions in literature as well as different legal/political standings in different countries, which greatly affects how they are set up, funded, by and for whom. This obviously impacts on how they may be evaluated or compared to one another. In this study, we follow the framework presented by Shaw & Carter 2007: Social enterprises tackle those persistent problems of society, that traditional private, public, voluntary or community mechanisms have not been able (despite of effort) to solve.

Social enterprises are emerging and important phenomenon. The scale of the social economy is difficult to estimate explicitly due to the definitional differences and overall diversity of social enterprise (Shaw & Carter 2007). Despite of the difficulties in measuring, it is acknowledged that the sector is growing. According to EU (2012), new 'social' start-ups are emerging at a faster rate than more conventional ventures.

Many authors refer social enterprises as "innovative approach" to wicked problems of our society (eg. Shaw & Carter 2007) Social enterprises can be seen as outcome of social entrepreneurship (Mair & Martí 2006). Social entrepreneurship covers a broad range of activities and initiatives that fall along a continuum, including more generally speaking non-conventional entrepreneurial initiatives (Galera & Borzaga 2009). It is insisted by many authors that innovation characterizes social entrepreneurship and its process but the evidence about degree of innovation (radical versus incremental) is questionable (Bridgstock et al. 2010). However, in many cases social enterprise can be seen as innovations, where resources have been combined in novel ways.

In "traditional", for-profit sector, innovation is often considered as key driver for success. Innovation supports organizational growth and vitality. The legal forms of social enterprises vary but generally social enterprises are rather small and operate often in networked and multi-agented environment (Bridgstock et al 2010). Bridgstock et al. (2010) argue that social enterprises can and do leverage different kind of diversity to promote innovation in their policies and practices of work. Particularly small entities should look their networks in order to gain positive influence that diversity could offer.

According to Shaw & Carter (2007) both traditional enterprises and social enterprises need creativity and innovation. They found in their study that creativity and innovation is manifested in social enterprises mainly in managerial actions by applying novel solutions to intractable social problems. Smith et al. (2013) suggest that the tension, which arises from two missions, could be potential driver for innovation. The social enterprises do not face the same pressure to maximize profit than its counterparts in commercial sector and they have more freedom to deal with social or environmental incentives. This study aims at study this aspect in detail. But overall little is known how social enterprises innovate.

## Methodology

This study is a qualitative case study. Data of this paper is collected as a part of research project, that studies social enterprises. The dataset includes interviews and interactive networking workshop that aims at mapping the innovation support needs of social enterprises and social entrepreneurs. The participants represent a sample of social enterprises and social entrepreneurs from two regions in Finland.

The workshops are facilitated and documented by researchers. The participants are assigned to groups and selected themes are discussed in groups. Each group has a facilitator whose responsibilities are mainly to document the discussions, observe and if necessary, make clarifying questions and keep the group in right theme. Therefore focus group –method is loosely followed. Focus group -type of method is particularly suitable to early phases of research projects, where it is a useful way of gathering opinions and insights (Smithson 2009) The focus group -method also serves for networking purpose and this way generates value for participants: as Bridgstock et al (2010) suggest, networking is a important support action for small social enterprises.

The empirical part of this study takes place in Finland. Forms of social enterprise found in Finland are (i) work integration social enterprises which offer employment to the disabled and the long-term unemployed and which are provided for by law, and (ii) organizations which have adopted a social enterprise business model and are therefore eligible for the social enterprise mark. Facilitating a viable ecosystem for social enterprises is a key point; it requires, inter alia, development of business expertise; funding and investments; advisory services and publicity, and increasing demand through public procurement and corporate social responsibility programmes. (Finnish Ministry of Employment and the Economy 2011)

## Results and Implications

Results from empirical work are not yet known. Data collection is still ongoing. Social enterprises are an interesting and raising phenomenon. Our paper contributes to debate by providing fresh insights how social enterprises innovate and the current challenges related to innovation activities. The results are relevant to academics, practioners and policymakers who are dealing with social enterprises.

## **A Note of Caution on Systematic Literature Reviews in Entrepreneurship Research**

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## **Track Title: Theory and Methodology**

### **Paper Title: A Note of Caution on Systematic Literature Reviews in Entrepreneurship Research**

#### **Aim of the Paper**

In our Northern European corner of the research world the use of the systematic literature review approach appears to have become the norm for reviewing the entrepreneurship literature. Indeed, it almost compulsory for doctoral students. The reason is obvious: The use of a systematic approach promises comprehensiveness, clarity and rigour to our attempts to understand and communicate key issues from our selected field of research.

In this paper, we express concern about the general applicability of the systematic literature review approach. We point out several problems with how this approach is used and argue that we need to exercise more caution before adopting systematic literature reviews as senior researchers as well as before promoting it to our doctoral students. We discuss the extent to which the rationale and operations of the systematic literature review approach – originated in the natural sciences – are readily applicable in a social science such as entrepreneurship research. In doing so we question how the systematic literature approach has been adopted in the field, with a main focus on a systematic search for literature, but much less so on the systematic analysis of the literature. Finally, we focus in particular on the perils of performing a systematic literature for doctoral students.

#### **Background Literature**

Several papers have promoted the use of the systematic literature approach in business research in general and entrepreneurship research in particular. Most notably the papers by Pittaway and Cope have inspired many senior and junior researchers to conduct systematic literature reviews. Admittedly, the reviews of Pittaway and Cope are very good. As exemplar the 2007 study of the research field of entrepreneurship education highlights the ability of the systematic literature review to provide an extremely useful overview of a scattered research field. It demonstrates how the use of the systematic approach can increase the comprehensiveness of a literature review. The strengths of this contribution, however, also expose the difficulties associated with certain aspects of the systematic literature review approach, such as e.g. establishing search strings within the social sciences, choosing the right databases and outlets, and defining inclusion and exclusion criteria.

#### **Methodology**

Based on an unsystematic reading of key inspirational systematic literature reviews and our own experiences with reviewing literature and advising doctoral students we formulate a series of problems associated with systematic literature reviews. These problems are divided into issues related to systematic literature reviews within the general field of entrepreneurship and issues related specifically to doctoral students and their use of systematic literature reviews.

#### **Results and Implications**

Our paper outlines the challenges that the extensive use of systematic literature reviews represents for the field in general, scholars seeking to do literature reviews and doctoral students looking to gain knowledge of the specific field of research they are about to enter. Among the challenges pointed to are:

- Unfortunate side-effects of the search procedures of the systematic literature review approach;
- The tradeoff between broad overview of fields – for which systematic literature reviews are well equipped- and other purposes of literature reviews such as gap spotting;
- The over-emphasis of systematic literature search and under-emphasis on theory driven analysis of the literature;

- The problem posed by lack of consistency and clarity of concepts and terms in social science and the problems this poses for systematic literature reviews.

And specifically for doctoral students we emphasise:

- The difficulty in moving from an overview of a research field to making an independent contribution to this research field;
- The opportunity costs of investing time in extensive systematic literature reviews.

## **Gender, Work Identity and Entrepreneurship**

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**Keywords:** gender, identity, care work, professionalism, intersectionality, gender theories

**Track title:** Gender

## **Gender, Work Identity and Entrepreneurship**

### **Aim of the Paper:**

This paper focuses on analyzing the assumed changes in the work identity when the individual changes from waged work into entrepreneurship. The particular aim of the paper is to investigate the intersectionalities between gender, care work and entrepreneurship on the one hand, and assumed gender neutrality of entrepreneurial activities on the other hand. Care work is particularly of interest as it embodies an interpersonal connection in the actual work tasks but also, more generally gendered aspects of care work as nurturing and non-professional women's work. What happens to professional work identity when a care worker moves from paid work to self-employment and entrepreneurship and the question of price of the work become actualized in the entrepreneurial activities? This becomes pertinent especially in relation to welfare state restructuring and strong professions.

### **Background Literature:**

With a theoretical view on identity as a social construction (Berger and Luckman 1995/1966; Giddens 1997/1991; Goffman 1994/1959, 1963, 1974; Hall 1999; Lindgren and Packendorff 2009; Williams 2000), through examples of earlier research on entrepreneurial identity construction (Cohen and Musson 2000; Cranford et al. 2005; Gustavsson and Rönqvist 2006; Nadin 2007; Vesala et al 2007; Warren 2004) and more recent studies on entrepreneurial identity (Anderson and Warren, 2011; Bjursell and Melin 2011; Down and Warren, 2008; Hoang and Gimeno, 2010; LaPointe, 2010; Shepherd and Haynie, 2009; Watson, 2009; Kovalainen and Österberg-Högstedt 2013) we aim to focus on how the theoretical constructs of professional and entrepreneurial identities interact and how gendered ideas of work are related to these identities in literature.

<b>Author</b>	<b>Context</b>	<b>Method</b>	<b>Contribution</b>	<b>Methodology/ perspective</b>
Anderson, A. R. – Warren, L. (2011)	Large enterprise	Media texts/ Discourse analysis	Collective entrepreneurial identity – individual identity.	Social constructionist / Interpretative
Bjursell, C. – Melin, L. (2011)	Family business	Narratives / interpretative analysis	Using metaphors to show ambiguities and multiple layers in identity construction.	Social constructionist /gender
Down, Simon – Warren, Lorraine (2008)	Small enterprise	Case study	Narrative resources for entrepreneurial identity – talking in clichés	Ethnographic
Hoang, H. – Gimeno, J. (2010)	Founders	Literature review	Founder role identity entrepreneurial transition, identity centrality	Theory building
LaPointe K. (2010)	Entrepreneur	Narrative interview/ case	Career identity as co-constructed, socially situated and performed in interaction.	Discursive approach/ constructionist
Nadin, S. (2007)	Care sector entrepreneurs	Discourse analysis	Combination of female and entrepreneurial identity	Post-structuralist /gender
Shepherd, D. – Haynie, M. J. (2009)	Entrepreneurs	Literature review	Distinctiveness and belonging as parts of identity	Theory building
Vesala, H T. – Vesala K M. (2010)	Farmers	Questinnaires/ quantitative analyses	Farmers identification as entrepreneur or/and producer.	Social psychological perspective
Watson T. J. (2009)	Entrepreneurs/ Family business	Case study/ narrative	Identity work, interplay between self-identity and social-identity	Ethnographic

Identity construction can be analyzed from different viewpoints and discussed using different terminology like organizational identity, self-identity, social identity, gendered identity, career identity, managerial identity or entrepreneurial identity. The insights from different studies on identity will guide us in trying to understand the identity construction of professionals becoming entrepreneurs. Earlier research on identity construction is in the following discussed in relation to constructions of entrepreneurial identity in a female dominated field of work. In this context professionalism is seen more as having an “occupational home”, having shared work ethics, work conduct, practices and skills, in addition to shared educational background. (Österberg-Högstedt, 2009; Kovalainen & Österberg-Högstedt 2013). We see that the process of identity change takes place in the negotiations and search for balance between the role as a professional and the role of the female entrepreneur. The above list of literature is not a full list of all articles concerning the issue, but to give an example of the different angles and traditions within this field of research that have been done during recent years. Most of the articles in our categorization have used qualitative methods when doing research on entrepreneurial identity. Seeing identity as something that is constructed in the interplay with the surrounding society, a social construction, is also the most common approach in these articles (see also Lindgren and Packendorff , 2009). When looking at identity construction interviews seem to be the way forward and very often the entrepreneurs own accounts of their identification as an entrepreneur are shown through their own narratives.

### **Methodology:**

The methodology of the paper is two-fold: both the theoretical re-reading of the literature and materials, and the content analysis of literature. We aim to do a categorization of examples on research in the field when it comes to the methods used, the main contribution and also the approach or perspectives utilized when looking into entrepreneurial identities, and explore these dimensions in relation to theoretical constructs of identity, work identity, gender, care work and intersectionalities.

### **Results and Implications:**

We will reflect the results of the theoretical reading and achieved categorization to empirical results. Our results suggest that when professionals become entrepreneurs their identity is based on their professionalism even though their ways of doing work are to some extent dramatically changed (Österberg-Högstedt, 2009; Kovalainen & Österberg-Högstedt, 2011). The change towards more independent, but at the same time with more responsibility and at times unsecure way of working, makes the issue of being professional very crucial for individuals. Our previous empirical results suggest that being part of a professional group – even if not in work practices – could give security and status to the “unsecure” world of entrepreneurship. We will discuss the found theoretical categorizations in relation to each other and in relation to changing understandings of theories used.

Norris Krueger

## **Experts Learn Experientially?: The Impact of Experiential Learning on Developing the Entrepreneurial Mindset**

Real life creates constructivistic learning. The deployment of cognitive developmental psychology into entrepreneurship research has largely focused on the implications for entrepreneurship learning and education (most recently, Krueger 2009, 2010). However, the critical developmental experiences that drive meaningful changes in the deep knowledge structures of individuals toward a more expert entrepreneurial direction happen mostly outside the classroom. It also happens as individuals move through their lives, particularly when growing up (Erikson 1980). This is an opportunity to advance our understanding of how one might “grow up entrepreneurial”.

Years ago (1988) the Center for Creative Leadership conducted a major study that identified critical developmental “lessons” for highly successful leaders and the specific critical developmental experiences that tended to yield specific critical lessons. We now have the tools and the data sets to begin replicating that avenue of inquiry in entrepreneurship.

We study here the progress of ~100 graduate students in science and technology programs at seven leading European universities who are engaged in a multi-year experiential learning program in entrepreneurship (the European Institutes of Technology project.) For ICSB we offer a novel conceptual framework and preliminary findings in this newly-launched project.

### **Revisiting The Cognitive Developmental Trajectory of Entrepreneurship**

Scholars of human development such as Piaget and Erikson would argue that important early life experiences can mold future attitudes, intentions and personality (Bronfenbrenner, 1986; Erikson, 1980; McClelland, 1965). Significant entrepreneurial exposure anywhere across the lifespan should provide individuals with multiple critical developmental experiences (Krueger 2007, 2009). All this is in keeping with a strategy of intensive, deep experiential learning programs in entrepreneurship education (Löbler 2006; Krueger 2009; Neergaard, et al. 2012). In prior research (e.g., Peterman & Kennedy 2000) subjects reporting significant exposure to entrepreneurial activity differed significantly from other subjects in intentions and attitudes toward entrepreneurship and entrepreneurship-associated characteristics such as entrepreneurial self-efficacy. For example, children of entrepreneurs differed significantly in entrepreneurial intentions, attitudes and beliefs, especially where subjects reported their experience as positive. More recently, Neergaard (2007) has demonstrated the impact of children's fairytales (the egalitarian Hans Christian Andersen versus the upwardly mobile Horatio Alger) and at a more adult level, she argues for the impact of engaging in high level sports (Neergaard & Krueger 2009) especially through impacts on self-efficacy (Mauer, et al. 2010).

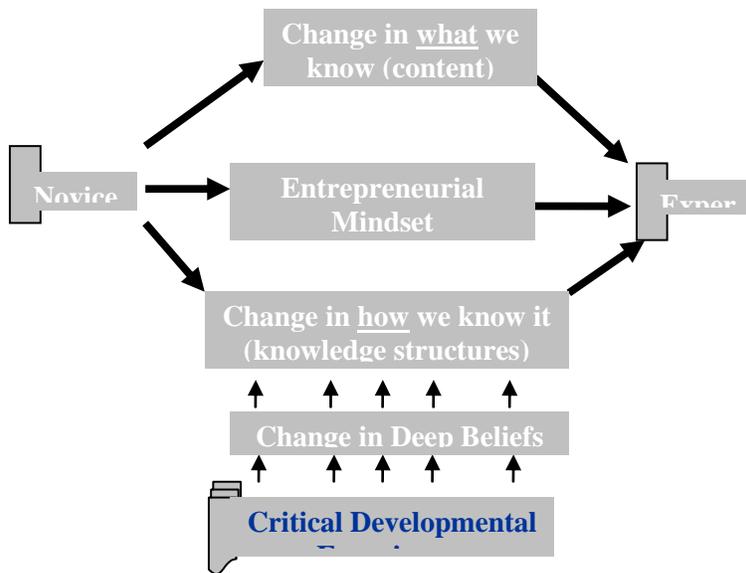
### **What IS the Entrepreneurial Mindset?**

For all the attention given to the “mindset” of entrepreneurs, scholars have hardly converged on a useful/testable definition. While research argues that entrepreneurial thinking is a function of far more than content knowledge and even skill development, it is rare to see “entrepreneurial mindset” defined as more than “sees more opportunities”. However, Mitchell was the first in the entrepreneurship field to discuss deeper cognitive structures, noting that cognitive scripts are not measurable directly. They can only be identified by critical markers (Mitchell, 2000) often associated with deep anchoring beliefs and assumptions (Krueger 2007). Recent analyses on this issue (e.g., Krueger & Neergaard, 2011) have sought to identify markers from the academic and practitioner literature. Their list of candidate markers include entrepreneurial role identity, learned optimism, ambiguity tolerance, perceived barriers, lower fear of failure, metacognitive skills, pattern recognition skills, goal persistence and analogues to entrepreneurial orientation, innovativeness and action orientation.

### **Expert to Novice**

What do we get from the 10,000 to 20,000 hours of deliberate practice that scholars have identified as necessary to become an expert in a domain? Experts usually know more (knowledge content) but what is really different is how they know it. The expert sees the world very differently and that is rooted in significant differences in deep knowledge structures (mental; prototypes, scripts, maps, etc.) Beneath the process of moving from the novice mindset to the expert mindset is deep experiential learning. The process is driven by a series of critical developmental experiences that change one or more deep assumptions about the domain, usually guided by personal reflection, peer support and expert mentoring. This is exactly the

process that the EIT project is using (and is used by the best entrepreneurial training programs such as [TechStars](#)).



## APPROACH

### Identifying Metrics

Measuring deep cognitive change is difficult to do directly but multiple indirect measures are readily available. Moreover, it is highly useful to triangulate findings using multiple independent data sets. However, we focus here on the large sample (N ~100) of graduate students participating in the European Institutes of Technology experiential entrepreneurship training program. We also have access to a control group sufficiently large to provide opportunities for matched pairs analyses as needed\*\*. While the sampling frames are largely student-based, the samples are diverse in gender, age, business/entrepreneurial experience, and nationality.

We have developed an instrument for pre/post testing of subjects and controls that includes direct and indirect measures of subjects' entrepreneurial thinking at the surface level (e.g., intentions) and, more importantly, deeper measures (e.g., assessing mental prototypes of "entrepreneur").

Many well-known data sets in entrepreneurship includes tested measures that capture prior experience with and exposure to entrepreneurial activity (e.g., personal experience and vicarious exposure, e.g., through a family business) and include measures of both entrepreneurial intent and its associated attitudes. However, they also include measures that reflect differences in deep knowledge structures. Bandura argues that while self-efficacy is highly malleable in novel situations, it is difficult to change in well-established situations (1985). Similarly, we can expect change in the direction of greater ambiguity tolerance and resilience to adversity (Seligman's learned optimism).

Another marker of change toward a more expert script is itself an under-researched topic in entrepreneurship research: Shapero's 'precipitating factor' (perceived barriers to and perceived facilitators of entrepreneurial action). Especially as we consider differences between relatively novice and relatively expert entrepreneurial mindsets, the barriers to action that individuals perceive become more realistic and more optimistic as they move increasingly toward the expert mindset (e.g., Ericsson 2008; Gladwell 2009). Ultimately, we will also triangulate using data from other data sets such as the large GUESSS data set that has added explicit measures to assess deep cognitive changes such as role identity and exposure to constructivistic entrepreneurship education. GUESSS, GEM and other datasets will also provide us with explicit candidates for critical developmental experiences.

\*\* One key use of matched pairs analysis will be in field experiments designed to assess deep cognitive change in the manner of the Cambridge study of entrepreneurial "hot" cognition (Lawrence, et al. 2009).

## **Results to Date**

This paper is largely conceptual in nature but we will have preliminary data. We will also offer an overview of the EIT research program and the potential opportunities for scholars to become engaged with this.

For ICSB, we look forward to presenting:

- a. An overview of this large multi-year EIT project,
- b. its strong theoretical underpinnings,
- c. Prior preliminary findings and the first wave of data and analysis
- d. Opportunities to become involved with EIT

## **Prior Findings**

Past and current use of these measures have identified short-term changes in entrepreneurial intentions and associated attitudes. In particular, we find that entrepreneurial intentions and self-efficacy decline in the short run (the “reality check” phenomenon) followed by subsequent long-term increases.

Krueger & Neergaard (2011) found in a pilot study that short-term exposure to intense immersion training yielded small but measurable changes in role identity, learned optimism, ambiguity tolerance and perceived barriers. Bertels and Koen are currently studying change in Malaysian students and are finding small but significant changes in most of these measures. Qualitative analyses of experiential programs in the Netherlands used entrepreneur diaries to show that program interventions tended to not only advance the ventures in an accelerator but also changed their mindset (Kaffka & Krueger 2012). Meanwhile, analysis of student-centric but real-world ventures demonstrated deep cognitive change, including increased abilities for emotion-dependent (“hot”) cognition (Lackeus, 2013).

## **IMPLICATIONS**

Despite interesting literatures on cognitive development that should prove useful to entrepreneurship researchers, especially those interested in family business and in process models, we have fallen woefully short in efforts to better understand how individuals learn to think entrepreneurially. We are overdue in using these theories and methods to understand entrepreneurial learning. While the project is still underway, what we know so far tells that these are the most likely implications.

### **Methodological Implications**

Even with recent advances in neuroscience as applied to entrepreneurship, studying cognitive change requires necessarily indirect measurement (Krueger & Welpé 2008; Krueger & Day 2010). However, neuroscience also offers us the tools for assessing differences in deep cognitive structures (e.g. Camerer 2006). Fortuitously, some of these indirect measures that serve as markers of deeper phenomena are either measures we already find useful (such as self-efficacy and script cues) or variables we already need to study more rigorously (such as perceived barriers to entrepreneurial action). Combined with well-tested constructs and measures such as entrepreneurial intentions, we will be able to draw a richer and more fine-grained picture of the entrepreneurial mindset and how it develops.

### **Educational Implications**

Even if our measures are indirect, we are long overdue to begin exploring how experiential 'lessons' lead to more expert entrepreneurial thinking. We are equally overdue in exploring what specific experiences create specific lessons. What this long-term study will show is what aspects of entrepreneurship education affect entrepreneurial thinking: What critical developmental experiences affect how we move from a more novice mindset toward a more expert mindset? (And what does not?)

We should also have significant insights into any critical impacts of instructor characteristics (e.g., entrepreneurial experience) and students (e.g., growing up in a family business).

### **Policy Implications**

We also believe that tentative preliminary results are sufficiently encouraging that we anticipate being able to draw strong recommendations for both useful metrics and the critical developmental experiences that drive deep cognitive changes in experiential entrepreneurship education. This study takes a first step toward addressing these gaps.

# **The Influence of Brazilian Taxes on German Exports of SME on B2B-Relations**

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## Track Title

Internationalisation

## Paper Title

The Influence of Brazilian Taxes on German Exports of SME on B2B-Relations – An Exploratory Investigation

## Aim of the Paper

As a result of the enormous dynamic of economic integration and activity, internationalisation projects have become not only an integral part of the strategic orientation of large concerns but also of numerous SMEs<sup>1</sup>. Representative examples of these internationalisation requirements are German SMEs, which is therefore the focus of this paper. Most of the results are applicable to other countries, because of the comparability of Germany with other industrial nations.

In search of new markets, Brazil offers SMEs a varied potential of sales opportunities in several industrial sectors. Meanwhile, it is the largest economy in South America and the sixth-largest worldwide<sup>2</sup>. Based on the economical and political key position of Brazil and Germany, both countries have had close trade relations for decades.

The intensive efforts of the Brazilian government to protect their national economy lead to a granting of attractive interest rates for settlements in Brazil. This represents specific incentives to achieve additional foreign direct investments<sup>3</sup>. The associated resource requirements cannot generally be realised by SMEs. Therefore, more resource-efficient and less risk-associated alternatives for the initiation of cross-border B2B-relations, e.g. exports, have to be discussed further<sup>4</sup>. Exports of German goods/services induce significant tax burden precisely because of the previously mentioned objectives of the Brazilian government and, as a consequence, the highly complex Brazilian import tax policy.

According to this, it is the aim of this paper to investigate the suitability of direct exports as a market entry strategy for the establishment of German-Brazilian B2B-relations from the point of view of German SMEs. The following research questions will be discussed:

How do Brazilian taxes on the export of German goods/services through SMEs influence the initiation of bilateral B2B-relations? Which generalisations for the universal establishment of B2B-relations with Brazil can be deduced for SMEs?

## Background Literature

Based on the favourable site conditions for direct investments in Brazil, there have been numerous empirical studies and models published regarding the influence of taxes on the decision-making process concerning country-independent foreign direct investments, as well as with a specific focus on Brazil.

Direct investments in terms of the establishment of foreign subsidiaries require major investments of capital and management achievements in the host country, as described in the "Uppsala internationalization process model" by JOHANSON et al.<sup>5</sup> and their further development "business network internationalization process model"<sup>6</sup>. Due to the strongly limited resources of many German SMEs, they focus on exports to initiate B2B-relations to realise their foreign market entry<sup>7</sup>.

The variety of Brazilian special regulations and the favourable tax treatments cause the Brazilian tax system to be extremely complex and complicated. The scientific relevance of this paper relies on the fact that an appropriate study investigating the influence of indirect Brazilian import taxes on the initiation of B2B-relations concerning SMEs remains to be done. The significant gain in knowledge is i.e. clarifying the complexity of Brazilian import taxes and the specifics of establishing B2B-relations for managers of SMEs. Furthermore, a general survey of Brazilian import taxes, recommendations for action related to dealing with Brazilian taxes during the export of German goods/services as well as approaches for making generalizations for SME valid

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<sup>1</sup> European Commission (2007): Final report of the expert group on supporting the internationalisation of SMEs. Brussels

<sup>2</sup> Gantz, D.A. (2013): Liberalizing International Trade after Doha. Cambridge

<sup>3</sup> Central Intelligence Agency (2012): CIA World Factbook 2012: Complete Unabridged Edition, Detailed Country Maps and other Information. Boston

<sup>4</sup> Westhead, P. et al. (2001): The internationalization of new and small firms: a resource-based view. In: Journal of Business Venturing, 16(4),pp.333-358

<sup>5</sup> Johanson, J.et al. (1977): The Internationalization Process of the Firm: A Model of Knowledge Development and Increasing Foreign Market Commitment. In: Journal of International Business Studies, 8(1),pp.23-32.

<sup>6</sup> Schweizer, R. et al. (2010): Internationalization as an entrepreneurial process. In: Journal of International Entrepreneurship, 8,pp.343-370

<sup>7</sup> Kamakura, W.A. (2012): A dynamic perspective to the internationalization off small-medium enterprises. In: Journal of the Academy of Marketing Science, 40,pp.236-251

for all countries should be developed. Implementing qualitative interviews combined with establishing hypotheses and recommendations for action are intended to make a contribution to closing this gap in research.

### **Methodology**

First, all Brazilian import taxes on goods/services will be shown and characterised in a categorical framework, since existing publications from different authors, e.g. tax guides or legal compendiums, are often limited to incomplete explanations of arising indirect taxes. The resulting survey of Brazilian import taxes can then be utilised by exporting SMEs as an instrument for realizing exports to Brazil. This survey was discussed and completed repeatedly within the scope of the exploratory expert interviews. Thus, it is the first result of the investigation and will be presented within the paper. The exploratory approach, which is focused on content-related (not statistical) representativity and the identification of new structures and findings, seems to be target-aimed. Sufficient sensitivity and profundity of the responses of the interview partners could be guaranteed with this procedure.

Subsequently, German and Brazilian experts were identified according to their experiences concerning German-Brazilian trade relations, tax law and other business-cultural criteria.

With the aim of deriving theories systematically from empirically acquired data, the study is based on the popular "Grounded Theory"<sup>8</sup>. Accordingly, the up to 80-minute interviews were transcribed separately and elaborately evaluated in a two-stage analysis procedure. In this connection, the qualitative content analysis in accord with MAYRING<sup>9</sup> was assumed. This analysis is a type of category-conducted text analysis, which illuminates transcribed communication systematically, rule-governed and theory-driven. It was not possible to evaluate the whole material directly due to the scope of the individual interviews. Thereby, two steps of evaluation were necessary: Analysing the particular interviews and categorising the material. Because of the deductive category application, six main categories were developed which were mentioned theoretically and treated within the theory-driven interview questionnaire.

### **Results and Implications**

One of the main results of this investigation is a classification scheme for developing B2B-relations of SMEs with Brazilian companies with particular reference to the complexity of Brazilian import taxes. These taxes have a significant influence on the establishment of bilateral international B2B-relations, the negative impacts of which vary depending on the product or service exported, especially for SMEs.

Within this abstract, the research results/ recommendations for action will be outlined with the following main themes:

- Consideration of differences in mentality as a key factor during the initiation of B2B-relations in Brazil
- Involvement of a Portuguese-speaking internal or external person of trust to enhance the feeling of congeniality
- Promising environment for the establishment of B2B-relations despite highly complex tax system (cascading tax structure, extensive competences of tax/territorial authorities, diversity of indirect taxes, ongoing tax changes, many derogations, lack of legal certainty etc.)
- Initiation of export-driven development partnerships resp. supplier relationships and the ensuing utilisation of taxation privileges
- Dispensation of usage of standard export contracts
- Usually missing transferability of export experiences from other countries because of a divergent import reality in Brazil
- Inevitability of product or service specific investigations concerning the burden of taxation
- Awareness and utilisation of funding measures in the export or host country at the hands of SME

The prospective paper will explicate all findings of this investigation in detail and will deduce comprehensive recommendations for action for managers of SMEs. In addition to a summarised presentation of the recommended procedures for SMEs striving to internationalise their businesses through exports to Brazil, generalisations for the initiation of bilateral B2B-relations will be derived. Finally, topics for further research requirements will be pointed out.

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<sup>8</sup> Urquhart, C. et al. (2010): Putting the 'theory' back into grounded theory: guidelines for grounded theory studies in information systems. In: Information Systems Journal, 20, pp.357-381

<sup>9</sup> Mayring, P. (2010): Qualitative Inhaltsanalyse-Grundlagen und Techniken. 11. Aufl. Weinheim

## **Moving the Needle with the Entrepreneurial Mindset: Microfoundations of Entrepreneurial Learning**

A panel/workshop for ICSB 2014

Norris Krueger, chair  
Jessica diBella, University of Mannheim  
Lenita Heitenan, University of Lapland  
Lesley Hetherington, Aberdeen University  
Pablo Martin de Holan, INCAE/EM Lyon  
Deborah Brazeal, Cal Poly Pomona  
Lena Bernhofer, Tongji University (China) [discussant]  
Shirah Foy, Aalto University and Competence Solutions [discussant]  
Nicole Ziesche, TUM/eXist [discussant]  
Andrew Maxwell, Temple University and Canadian Innovation Centre [discussant]  
Pasi Malinen, University of Turku [discussant]

Within entrepreneurship education, much attention has been given to the need to move from teaching *about* entrepreneurship toward teaching how to *do* entrepreneurship in order to develop a truly ‘entrepreneurial mindset’. Alas, few ever clearly define the phrase and fewer still seek to rigorously measure the shift of focus in teaching it. Yet we care about how we can measure the impact of our programs: Are we ‘moving the needle’ toward a more ‘entrepreneurial’ mindset? To do that, we need greater conceptual clarity: We must also ask what IS the entrepreneurial mindset? What are the deep cognitive structures that reflect an entrepreneurial mindset? We also need greater empirical rigor: Just how do we measure that construct rigorously? How do we move beyond intent as a useful impact measure?

**What IS the “mindset”, really?**

**What does the science of learning tell us about growing expert entrepreneurial thinkers?**

Why is it that presentations on “neuro-entrepreneurship” are so well-attended (and loudly-applauded) yet little traction has been gained in looking more deeply into what the entrepreneurial mindset truly is? Similarly, in entrepreneurship we hear a regular drumbeat calling for nurturing the “entrepreneurial mindset” yet we see so little progress in rigorously defining what the mindset entails. Why is it that we see so little progress in applying what we do know about the evolution of entrepreneurial thinking to entrepreneurship education? Why have we not embraced the breakthroughs in understanding how humans actually learn important things?

Read these two short reviews and join me in wondering why we aren’t using more of these concepts?

<http://www.brainpickings.org/index.php/2014/01/29/carol-dweck-mindset/>

<http://www.brainpickings.org/index.php/2014/01/22/daniel-goleman-focus-10000-hours-myth/>

This session brings together some of the premier thinkers (and doers!) on these questions, each bringing a unique perspective on the question of “where next?” for understanding the entrepreneurial mindset and what it means for nurturing great entrepreneurial learning.

Our format here will be to raise some provocative questions like the ones above; the chair will provide a brief overview and introductions. Next, our panelists will brief us on their current work and then reflect on

these provocative questions. We have a diverse set of scholars, both rising and veteran, from Europe and North America and, as you will see, very differing perspectives on moving forward in understanding – and encouraging – deep entrepreneurial learning.

Most important, we want to maximize the impact for attendees, thus we propose to make this panel discussion more of a workshop. Each presenter will share how all of us can use their insights to strengthen entrepreneurial learning.

### **Overview**

Like strategy, entrepreneurship has begun to wrestle with the microfoundations of its key phenomena. One term that has come increasingly in vogue is the “entrepreneurial mindset”. On one hand, this is a healthy recognition that there are clear cognitive underpinnings for entrepreneurial action, and that those underpinnings lay fairly deep. On the other hand, the term is rarely defined and almost never defined in satisfying ways that allow us to rigorously test, for example, critical antecedents. We argue here that the cognitive microfoundations are crucial to understanding entrepreneurial thinking and action.

### **And... they can help us to accelerate deep transformative learning.**

A major construct in entrepreneurship research is entrepreneurial intentions, usually tested with some variation of Ajzen’s Theory of Planned Behaviour. However, what are we to make of Benjamin Libet’s work in the 1980s that showed clear evidence of the brain’s automatic processing forming intent before we are mindful of it? We have to go more deeply. For example:

### **From Novice to Expert**

Research into what differentiates experts from novices and the mechanisms associated with that trajectory draw increasingly from cognitive science. What happens to us in the alleged ‘10,000 hours of deliberate practice’ that has become a meme? Educational researchers suggest that no amount of (time?) learning knowledge content can guarantee attaining the mindset of an expert. What differentiates experts is not how much they know, but rather how they structure their knowledge. And how they structure their knowledge depends primarily on deep cognitive structures (scripts, maps, etc.) that are in turn influenced by changes in deep beliefs and assumptions that anchor those structures in the context of their worldview.

The implications for learning are neither surprising nor ambiguous. In the entrepreneurial setting it affords us multiple opportunities to assess whether teaching and training interventions change deep beliefs in ways that a) change knowledge structures and b) change them in positive directions.

In short, looking at the microfoundations of entrepreneurial cognition (and action) through the lenses offered by neuroscience is a) already giving us new insights to what exactly the murky- defined “entrepreneurial mindset” actually comprises, b) helping us understand how it changes and c) helping us understand how we might rigorously measure it.

### **Format for the Workshop (2 hours)**

Each of the participants will include their own work, conceptual and empirical. We are blessed with a cross-section of the best thinking in entrepreneurship around:

- 1) What IS this entrepreneurial mindset”?**
- 2) What do the microfoundations tell us about how to best ‘move the needle’ in facilitating deep entrepreneurial learning?**

To build conceptual clarity we present here an initial model of some key (and measurable) underlying dimensions of the entrepreneurial mindset based on cognitive neuroscience (e.g., research on experts) and prior research (e.g., Krueger & Neergaard, 2011, Kaffka & Krueger 2012, Krueger & Malinen, 2013, Neergaard et al., 2013).

*Norris Krueger*, chair

Norris will provide introductions and the conceptual overview plus share the state of the art of research and practice. Norris is passionate about pushing the boundaries of research and practice (e.g., partly responsible for the term “neuroentrepreneurship”) and equally passionate in reminding us that kindergarten teachers have known for a century what we are just now learning. Despite his lengthy research efforts into entrepreneurial intentions (the most-cited author) his forays into neuroscience and cognitive developmental psychology tell him (and us) that we must go beyond intent and look at “what lies beneath”.

*Jessica diBella*, University of Mannheim

Jessica is deeply interested in how we apply what we know about human learning to educational practice. First at Munich’s Strascheg Centre for Entrepreneurship and now heading the Center at the University of Mannheim, she is experienced at deploying innovative educational practices that are based on cognitive science. She was just part of the EFMD Deans conference on entrepreneurship education.

*Lenita Heitenan*, University of Lapland

Lenita comes to this topic from her background as a music educator. She will speak to what we can learn from jazz musicians – can we build the entrepreneurial mindset by helping people to better improvise.

*Lesley Hetherington*, Aberdeen University

Lesley has developed in Scotland a successful training program that focuses on skill-building. She is especially interested in how we learn to effectuate. She also brings unique perspectives on how to skillfully develop skills at personal reflection in learners. (Lesley is also a co-founder of Coneect, the new EU program for training new entrepreneurship educators.)

*Pablo Martin de Holan*, INCAE/EM Lyon

Pablo brings some tantalizing research evidence from neuroscience that demonstrates the immense potential of tools from neuroscience (theory and method) to help us understand entrepreneurial thinking.

*Deborah Brazeal*, Cal Poly Pomona

Deborah is an expert on intraorganizational entrepreneurship (corporate innovation and intrapreneurship). She combines traditional strategy analysis with a strong grounding in cognitive science. She will share some new, exciting insights into the ‘intrapreneurial mindset.’

## **Discussion Provocateurs**

*Pasi Malinen*, University of Turku

*Shirah Foy*, Aalto

*Nicole Ziesche*, TUM/eXist

*Andrew Maxwell*, Temple University and Canadian Innovation Centre

## **Fostering Startup Communities: What Do We Know (and Don't)? How Can We Make it Happen?**

A workshop for ICSB 2014

### *Panelists*

Norris Krueger, Entrepreneurship Northwest, chair  
Lena Bernhofer, Tongji University (China)  
Giuseppe Gramigna, US Small Business Administration (US)  
Tina Jennen, Plenty of Innovation (New Zealand)  
Colin Mason, University of Glasgow (UK)

### *Discussants*

Friederike Welter (Germany)  
Ruta Aidis, GMU/GEDI (US/Eastern Europe)  
Tua Bjorkland, Aalto/Aalto Design Factory (Scandinavia)  
Nicole Ziesche, TUM/eXist (Germany)  
Shirah Foy, Aalto (Scandinavia)  
Andrew Maxwell, Temple University and Canadian Innovation Centre (Canada)

Are there any communities on earth who do not want a strong entrepreneurial ecosystem? Are there many communities who actually know what that means? Or have any idea how to get there? Only a handful. Everyone from the UN to the OECD to national, state and city governments are struggling, however, with the very definition of the phrase, struggling to conceptualize it in terms that allow them to understand the basic mechanics of an entrepreneurial ecosystem and thus how to move forward. For example, the OECD recently convened a major workshop for leading economic development officials and top scholars to assess the state of the art of what we know about entrepreneurial ecosystems – what they are, how to measure and how to develop them. [<http://www.oecd.org/cfe/leed/entrepreneurialecosystemsandgrowth-orientedentrepreneurshipworkshop-netherlands.htm>]

Entrepreneurship has become front and center not only in economies but also in society. It is almost inconceivable that a briefing on economic policy would not include the resonant call for communities to build [reinforce] their “entrepreneurial ecosystem”.

However, only rarely do they define what they mean beyond “more startups” or maybe “more small businesses”, leaving policy makers on the ground struggling with the practicalities of constructing a healthier entrepreneurial ecosystem.

However, as the metaphor suggests, an ecosystem is characterized by dynamism and interconnectivity. How do the various components of an entrepreneurial economy work together (or not) to grow startup communities?

For example, research from the Global Entrepreneurship Monitor and elsewhere is persuasive that a healthy entrepreneurial economy requires three primary ingredients, often labeled cognitive, normative and regulatory. The “cognitive” dimension reflects entrepreneurial human capital. How many people really understand what it takes to launch a venture? How many perceive themselves as personally prepared for entrepreneurship? The “normative” dimension reflects entrepreneurial social capital. Are

local social norms supportive? Do politicians, media, even the person on the street support entrepreneurial activity? (The classic question is “What would your mother say if you started a business?”) The “regulatory” dimension reflects a form of entrepreneurial political capital. How hard (easy) do policies make it to start a business? To run a business? To grow a business?

The entrepreneurial ecosystem comprises all three of these dimensions and our speakers will present the absolute cutting edge evidence and practice for each of them. We are blessed with having the best thinkers (and doers) on the subject. This is truly a ‘Dream Team’ of experts on the cutting edge of research and practice in understanding and growing entrepreneurial ecosystems. Equally important, we are structuring this workshop for vigorous engagement between presenters and with the attendees. This session is sure to be very well-attended given the importance of a topic so central to 21<sup>st</sup>-century entrepreneurship and to any colleagues involved in growing their own local communities and economies. We expect robust discussion not only among the participants but also among the audience.

Attendees will leave with a strong conceptual framework for understanding entrepreneurial ecosystems and a rich toolkit of ideas they can use in their own communities.

Attendees **WILL** leave knowing more about how to successfully grow their own local ecosystems. Most important, we want to maximize the impact for attendees, thus we propose to make this panel discussion more of a workshop. Each presenter will share how all of us can use their insights to strengthen entrepreneurial learning.

## **FORMAT** (2 hours)

Each panelist will present briefly (~15 minutes) followed by Q&A.

Discussion provocateurs will then spend 60 minutes discussing key implications. More important, we will engage deeply with the audience. (For example: Breakout groups will identify key takeaways and suggestions for future research efforts. )

## **PANELISTS**

**Norris Krueger** (Entrepreneurship Northwest/World Entrepreneurship Forum) organizer/chair

“Startup Communities: the Practitioner Perspective”

Norris consults frequently with communities on ecosystem-building. A big fan of Brad Feld’s practitioner-based analysis of successful ecosystems, he will use that framework to set the stage for our distinguished speakers.

**Colin Mason** (University of Glasgow)

“Entrepreneurial Ecosystems And Growth Oriented Entrepreneurship: an overview”

This presentation will be based on a background paper that he co-authored for an OECD Workshop on Entrepreneurial Ecosystems in November 2013 (linked earlier).

**Giuseppe Gramigna** (US Small Business Administration)

“Options for assisting innovative SMEs in an environment of long-term economic disruption”

In an environment where a significant portion of economic agents and factors have not been utilized for a prolonged period, three fundamental questions arise: (1) Is the disruption a short-term or a long-term phenomenon, (2) which economic agents exited the markets? And (3) what are the root causes of the disruption? The answer to these three questions will determine not only the types of intervention options available to policy makers, but will also determine the efficacy of these options.

It is at this juncture that the role of innovation, and the particularly effectiveness of innovative SMEs and entrepreneurs become critical and evident. Innovative SMEs that are ideas rich but current capital poor may have much to gain but little to lose by the introduction of disruptive innovations that often create new economic paths. As such, Innovative SMEs and entrepreneurs are a great engine of new economic paths, and are thus particularly effective agents in solving any long-term economic disruption.

**Tina Jennen**, Venture Manager for the ‘Plenty of Innovation’ program for Enterprise Angels in Tauranga, Bay of Plenty in New Zealand.

“JUST DO IT! DO ENTREPRENEURIAL ECOSYSTEMS NEED GOVERNMENT ASSISTANCE?”

If an entrepreneurial ecosystem is seen as the development of an enabling culture in which individuals, organizations and institutions network to allow entrepreneurs to succeed through sustainable business development, then governments may be seen as an inhibitor rather than an enabler. Feld (2012) in the Boulder Thesis of start-up communities encourages entrepreneurs to be leaders with a long-term view, a philosophy of inclusiveness and events that engage the entrepreneurial stack. He views government as a feeder rather than a leader. He notes that one of the six areas that can prevent growth and success is “we’re from the government, we’re here to help!” He cautions against being overly reliant on government in an entrepreneurial ecosystem. In the Bay of Plenty region on the East Coast of New Zealand with a population of over one-quarter of a million and best known for its tourism, horticulture and shipping industries (Statistics New Zealand, 2012), this research attempts to understand the factors needed to create an entrepreneurial ecosystem from the bottom up, so that investors and entrepreneurs can be linked. A survey (developed through action research) of 1464 people was conducted. The respondents included a range of stakeholders including students, business owners, entrepreneurs, employees and investors

**Lena Bernhofer**, Tongji University (China)

“Graduate entrepreneurship in China - exploring the ecosystem”

An entrepreneurial ecosystem is characterized by dynamism and interconnectivity. In China entrepreneurial ecosystems, for example at universities, started to emerge over the last decade and are still at an early stage today. Government support, however, is pushing the development forward at a fast pace.

In my research I explore and discuss the current development stage of an ecosystem in Shanghai and point out emerging Chinese characteristics and growth challenges to support future development. The case is a great example of an early stage ecosystem and I hope to discuss concrete action recommendations and possible future developments.

**Ruta Aidis** George Mason University and GEDI Project

Ruta is studying how ecosystems mold the evolution of entrepreneurs' dynamic capabilities. He is also gearing up the Gender-GEDI initiative.

### **Discussion Provocateurs**

**Friederike Welter** Institut für Mittelstandsforschung and University of Siegen

**Tua Bjorklund** Aalto University/Aalto DesignFactory

**Nicole Ziesche**, Technical University of Munich and eXist

**Shirah Foy** Aalto University and Competence Solutions, Inc.

**Andrew Maxwell**, Temple University and Canadian Innovation Centre

## **Small Business and Entrepreneurship Research: Disentangling a Complicated Relationship**

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Keywords: small business definition, entrepreneurship definition, interface of small business and entrepreneurship, content analysis, research agenda

## **Track Title**

Small Business Management

## **Paper Title**

Small Business and Entrepreneurship Research: Disentangling a Complicated Relationship

## **Aim of the Paper**

Small business management and entrepreneurship as a research domain seem clearly distinct from each other only on a surface level, since their adjacent boundaries have become indistinguishable from each other. Such blurring of boundaries presents a challenge to scholars working in both (comparably young and rapidly expanding) fields. As every entrepreneur starts small, the question might be raised as to whether entrepreneurship research could simply be a subdomain of small business research, or viewed from another perspective, perhaps small business research should be viewed as residing in the domain of entrepreneurship research. There is a substantial need for discourse and reflection on the essential nature of both fields and their interface. We seek to close this gap by addressing the following research questions: What is the essential nature of small business and entrepreneurship research, and what is the nature of their interface? Answering those questions will involve attempting to disentangle the close relationship between both fields and establishing a foundation for a broadly agreed conceptualization of both disciplines that will contribute to the legitimacy and prosperity of both fields.

When a field is fragmented and its boundaries are blurred it is legitimate to ask scholars what they perceive to be the defining elements of their field, since ultimately, it is the community of researchers that must share a common view of what defines their paradigm (Kuhn, 1962). To address this problem, we followed a procedure suggested by Nag et al. (2007) and content analyzed published research to disentangle the relationship between small business management and entrepreneurship by conceptualizing consensual definitions of a) small business research, b) entrepreneurship research, and c) the interface between both fields. Hereby, we do not aim to impose rigid or closed definitions since to do so might harm the future development of both fields given the dynamic and multidisciplinary character of both domains. Instead, our definitions are intended to reflect scholars' latent perceptions of what really constitutes their field.

## **Background Literature**

The definition of small business research is usually reduced to the question of how small a business needs to be to qualify. Most scholars follow policy makers in their classification of small businesses (e.g., the European Union or the U.S. Small Business Administration). However, there is no broadly agreed quantitative definition of a small business (Storey, 1994) whereas the appropriateness of the selection and setting of these criteria for research practice is itself subject to discussion (Curran & Blackburn, 2001). These quantitative definitions fail to help delimit small business research, because they give rise to tautological definitions along the lines of small business research being concerned with researching small-sized businesses. Definitions that go beyond size to incorporate qualitative attributes to describe the nature of the field of small business management are scarce. Scholars usually refer hereby to the Bolton Committee's Report on Small Business. More recent efforts to describe the field have predominantly been concerned with the question of how to distinguish small businesses from their larger counterparts (Torres & Julien 2005). To extend the criticism of Curran (2006), these qualitative definitions fail to inform us about the specific relationship with entrepreneurship since most of the suggested attributes would apply equally to the field of entrepreneurship.

The prominent definition of Shane and Venkataraman (2000) builds upon the concept of opportunity as the defining feature of entrepreneurship research. Irrespective of the advancements in entrepreneurship research, the definition is difficult to operationalize due to the very nature of opportunities. In particular, the opportunity view could be criticized for being too vague to be really informative for entrepreneurship researchers (Davidsson & Tonelli 2013). Moreover, relying on the opportunity construct does not shed sufficient light on conceptual differences between entrepreneurship and the domain of small business management since the idea of exploiting opportunities basically applies to any active participant in any market including entrepreneurs to the same degree as small business managers. Alternatively, scholars argue that entrepreneurship research should be studied from a process perspective where definitions center around the formation of firms (or organizations) instead (Gartner 1989). However, this view is not universally accepted either. Shane (2012) argues that firm formation can also be undertaken by people in existing firms or through market mechanisms. Besides, while the opportunity view is criticized as being too broad and vague, the alternative perspective is criticized for being too narrow to cover the full dimension of entrepreneurship research.

In a rare attempt to specifically disentangle the relationship between the domains of small business management and entrepreneurship, Carland et al. (1984) arrive at distinct definitions for small business and entrepreneurial ventures, as well as definitions for the small business owner and the entrepreneur. The authors argue that innovation and growth are critical when it comes to distinguishing between entrepreneurship and small business management. An entrepreneur capitalizes on innovative combinations of resources which serve the primary purpose of profit and growth. The small business owner, in contrast, operates a business as a means to extend his personality to further personal goals and to generate family income. Moreover, entrepreneurs and small business owners differ in terms of venture strategies, personality traits and also in regard to cognitive orientation and behavioral preferences (Stewart et al., 1999). However, scholars remain silent when it comes to describing the nature of the interface, that is, the boundary-spanning space where both fields enrich each other (Carland et al. 1984). To our knowledge, there is neither a definition nor a research agenda for the interface between entrepreneurship and small business management.

## Methodology

Identifying the unique vocabulary of small business management, entrepreneurship and the interface between them has required a multi-stage process. In a first step, we developed an online survey including 248 randomly selected abstracts of studies published during 1991 and 2011 in leading small business, entrepreneurship and management journals (i.e. JSBM, ISBJ, ETP, JBV, AMJ and JOM). These abstracts were presented to scholars from both fields who classified the degree to which they deemed a particular abstract a small business article and an entrepreneurship article, respectively. Sampling was conducted with the help of a database compiled by one of the authors including at the moment approximately 3.500 contacts to small business and entrepreneurship researchers who had presented their research at one of the major academic conferences such as the ICSB, the BCERC or the Entrepreneurship Division of the AoM Meetings. 439 randomly selected individuals were invited to participate in the survey; at the end of data collection 138 complete responses (response rate 31%) were available for analysis. Every participant rated on average 18 abstracts (SD=23) and every abstract was rated on average 10 times (SD=3). Respondents ranged from PhD-students to professors emeriti, with associate and full professors dominating the sample. On average, respondents have been interested in questions of entrepreneurship and small business research for 11.9 years (SD=8.5) and thus are sufficiently experienced to make informed decisions.

The procedure resulted in 77 abstracts classified as small business, 94 as entrepreneurship, 14 addressing the interface of small business management and entrepreneurship, and the remaining 63 as addressing neither domain. Using Nvivo text analysis software, we analyzed all 248 abstracts to identify the frequently recurring, distinctive lexicon. Extracting all words contained in all the abstracts resulted in over 42,000 words. To make this large body of text analyzable, we imposed restrictions on the words to examine in an unbiased way. First we excluded numbers, proper nouns, prepositions, and articles, and certain common descriptors (e.g. "many" and "much"). After removing all duplicates, we consolidated all variations of a root word and treated them collectively. Finally we excluded all words which appeared less than ten times. This multistage process yielded a total of 469 root words which became the basis of our analysis. For each word, we calculated the biserial correlation between the number of times the word appeared in an abstract and whether the abstract was coded as small business, entrepreneurship or the interface of both fields. Altogether, 26 words correlated positively ( $p < .05$ ) with small business studies, 30 with entrepreneurship studies and 23 words with the interface of both fields. Finally, we engaged in in-depth discussions to assign the words to categories based on conceptually related words. This multistep process led to the definitions reported below.

## Results and Implications

Three definitions resulted from the content analysis. The first finds small business research to be more problem focused and apparently to address a number of common challenges faced by small businesses. The field is apparently able to absorb and benefit from considerable variety in approaches to framing and exploring small business issues. This problem-oriented view on small business research shifts the current perception of the field as a frame which includes any business satisfying the size criteria (SMEs to the same degree as entrepreneurial ventures) to a proprietary research agenda which is primarily concerned with overcoming firm-specific barriers:

*Definition 1:* Small business research explores how management practices for small firms can help overcoming barriers to internationalization, innovation or commercialization resulting in organizational change.

The consensual definition of the field of entrepreneurship consists of six elements, each with several sub-elements. The definition covers the field in a very broad way, allowing for inclusion of phenomena such as social entrepreneurship or corporate entrepreneurship beyond more traditional perspectives on entrepreneurship. As shown by our analysis, scholars' latent perceptions of the field of entrepreneurship research include the

opportunity view (Shane & Venkataraman, 2000) to the same degree as the firm formation view (Gartner, 1989). As a consequence, the consensual definition bridges both perspectives, perhaps contributing to the solution of the ongoing dispute within the field. Moreover, the consensual definition extends both views by introducing growth orientation as a key defining feature of entrepreneurship research:

*Definition 2:* Entrepreneurship research explores how individuals based on opportunity effectively organize any growth-oriented creation process.

The final definition illustrates how both fields are related to each other. Apparently, when entrepreneurship and small business research meet, the entrepreneurial idea is utilized to help small business achieve growth goals in a positive way.

*Definition 3:* The interface of entrepreneurship and small business research explores which resources, skills, abilities, competences, and cultural factors support growth strategies in small firms.

Taken together, the three definitions clarify the distinctive domains of both areas of research and illuminate how the two related fields can and do enrich each other.

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## **Antecedents of Franchisee Retention in Franchise Contract**

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## **Track Title**

Small Business Management

## **Paper Title**

Antecedents of Franchisee Retention in Franchise Contract

## **Aim of the Paper**

The aim of the present paper is to explore how to facilitate franchisees to remain in their current contract with franchisers in the South Korean context in which contract renewal is frequently and periodically required to continue the contract. It was hypothesized that franchisers' trustworthiness, franchisers' shared vision with franchisees, and co-franchisee exchange would directly or jointly influence franchisees' contract retention. Specifically, franchisers' trustworthiness was expected to positively influence franchisees' retention in the franchise contract; this positive trustworthiness-retention association was expected to be moderated by the extent to which franchisees had shared vision from franchisers and developed high-quality exchange relationships with other franchisees in the same franchise system.

## **Background Literature**

In South Korea, the number of the renewed franchise contract would be one of the most accurate indicators of how successful a franchise system is operated. Because franchise contracts are required to be renewed frequently and periodically in South Korea, Korean franchisers who fail to satisfy their franchisees would lose them and consequently stop their operation. We expected that franchisees who perceive franchisers' trustworthiness may be more inclined to continue their contract with those franchisers. Given that trust is one's willingness to take risks in a belief of a trustee's goodwill, it is not surprising that franchisees would willingly take risks to be restricted again by the contract with trustworthy franchisers.

Regarding this expected positive association between franchiser trustworthiness and franchisee retention in the current contract, we believe that this association would be significantly moderated by how effectively franchisers share their vision with franchisees. In organizational research, vision refers to what an organization would like to ideally accomplish in the future. When franchisers' vision is well shared with franchisees, these franchisees may more clearly see what they ideally need to achieve together and which direction they had to move toward and, as a result, may perceive less uncertainty and risks regarding the contract renewal with their franchiser. This suggests that, as vision is shared better between franchisers and franchisees, our proposed relationship between franchiser trustworthiness and franchisee contract retention would become stronger.

We also think that co-franchisee exchange—the quality of an exchange relationship between a franchisee and other franchisees in the same franchise system—may moderate the above trustworthiness-contract retention relationship in an opposite manner. Drawing on the extant literature of social exchange relationships in organizations, co-franchisee exchange is proposed in this study. When franchisees develop better social exchange relationships with each other, they may reciprocally exchange various types of support, which may lead them to perceive each other more trustworthy. Then, this sense of trustworthiness may substitute for that

perceived from their franchisers such that franchisees would like to stay in the franchise contract because of other trustworthy franchisees rather than trustworthy franchisers. As a result, for those franchisees whose co-franchisee exchange is higher, the effect of franchiser trustworthiness on franchisee contract retention would be diminished. In other words, as co-franchisee exchange increases, the association between franchiser trustworthiness and franchisee retention for contract would be weakened.

## **Methodology**

A paper-based survey was randomly distributed to and collected from 205 franchisees who were affiliated to small- or medium-sized franchisers in restaurant, retailing, or service industry at South Korea. In addition to demographic and other information of franchisers and franchisees, franchisees were asked to evaluate franchisers' trustworthiness and co-franchisee exchange and also were asked to answer about their confirmed plan to renew/end the current franchise contract as well as how much they understood and accepted franchisers' vision.

## **Results and Implications**

As a result of hierarchical regression analyses, we found significant relationships among study variables as we hypothesized. Above all, there was a positive relationship between franchiser trustworthiness and franchisee retention in the current franchise contract. In addition, this positive relationship was strengthened when franchisees and franchisers highly shared vision while it was weakened when franchisees developed good social exchange relationship with other franchisees in the same franchise system. Thus, all the three hypotheses we proposed in this study were supported.

Our findings suggest that franchisers need to strive for being trustworthy to franchisees in order to retain more of them under the current franchise contract. As trust researchers noted, however, it would be hard for franchisers to be trusted by franchisees. Especially, it may take too much time for franchisees to collect necessary information required to judge franchisers' trustworthiness. As a way to facilitate and possibly shorten this process in which franchisees perceive franchisers' trustworthiness, the franchisers may try to actively share their vision with franchisees, as found in the present research. In addition, franchisers who, for any reason, could not give a feeling of trustworthiness to franchisees may encourage those franchisees to construct good social exchange relationship with other franchisees and perceive trustworthiness from each other. Based on our finding, this also may still help motivate franchisees to remain in the franchise contract with their not-so-trustworthy franchisers. We hope this study would help franchisers successfully retain more franchisees in the future.



WORLD  
CONFERENCE ON  
ENTREPRENEURSHIP



## **SMEs' Profiles Linked to Sustainability: The GPS of Sustainability**

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**Key words:** sustainability, CSR, SME, typologies, Entrepreneurial Orientation

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**Track Title:** Sustainability

**Paper Title:** SMEs' Profiles Linked to Sustainability: The GPS of Sustainability

**Aim of the Paper**

Far from being a homogenous group, SMEs are characterised by vast diversities (Parker et al., 2009). Academic studies have been able to cluster SMEs and their involvement in sustainability in four broad groups, depending on both their environmental and community engagement on the one hand and financial performance on the other (Spence et al., 2001). Although useful in providing a better understanding of SMEs motivation to engage in sustainability, present typologies of sustainable SMEs have their flaws, the main one being that performance is only measured in terms of financial metrics. It has been demonstrated that profitability is not one of the main goals the majority of SMEs would be pursuing (Jenkins, 2004; Spence, 2007).

Hence, the aim of this paper is to propose clustering of SMEs in terms of sustainable behaviours, by developing scales that cross sustainable practices and entrepreneurial orientation, a more accurate capture of performance in SMEs.

**Background Literature**

A number of SME typologies linked with corporate social responsibility (CSR) and sustainable development (SD) have been developed (Spence and Rutherford, 2001; Bos-Brouwers, 2009; Parker et al., 2009; Battisti and Perry, 2011; Spence et al., 2011). In the majority, these typologies follow a two by two matrix model generating four profiles by crossing the economic dimension on one axis and the environmental/social on the other. These models have their limitations and the authors of this paper suggest the following improvements to further develop the field:

- The two axis of the matrix should be mutually exclusive;
- The sustainability axis should integrate the two sustainability measures, i.e. the environment and the social/community aspects (Turker, 2008);
- Sustainability in SMEs should be measured with actions rather than intentions;
- Performance construct and measures should be congruent with those best used and understood by SMEs;
- The unit of analysis should be anchored either at the operational or firm levels.

In light of the above literature review and considerations, the following conceptual model of SMEs engagement in sustainability, or Sustainability GPS is put forward:

Sustainability Practices (socio-environmental)		
Entrepreneurial Orientation	<i>Less</i>	<i>More</i>
<i>More</i>	Traditionalist	Strategic
<i>Less</i>	Reactive	Militant

On the vertical axis, SMEs' performance has been measured in terms of entrepreneurial orientation (EO). This construct integrates the characteristics of product-market innovation, proactiveness of decisions and risk-taking (Covin and Slevin, 1989). It has been demonstrated that, under certain circumstances, SMEs featuring these types of behaviours were more successful than others (Rauch, et al., 2009). This construct presents adequate stability in the majority of situations.

On the horizontal axis, SMEs' engagement in sustainable practices (ESP) has been developed based on an extensive review of the literature taking into account best environmental, social and community practices in all industrial and service sectors as well as 16 different countries. The original list was reduced to practices that could be directly observed and tested with experts, three SMEs, and an online pre-test with 30 respondents.

The Sustainability GPS is the result of crossing the two axes. In each quadrant the profile of an ideal type of sustainable SMEs is expected to align with the following characteristics:

- The 'Strategic' is looking to achieve superior competitiveness through innovation and proactive sustainability;
- The 'Traditionalist' is mainly motivated by increase in profitability and is ready to take risk for it;
- The 'Reactive' will comply with legal requirements and will limit its involvement in sustainability to the minimum;

- Sustainability is at the core of the 'Militant' vision and mission.

## Methodology

An online questionnaire was sent to a random sample of 15 000 Quebec (Canada) SMEs and resulting in 520 exploitable responses. This response rate is similar to other online surveys (Saulnier, 2009). Cronbach Alpha was calculated to measure the internal consistency of the constructs on the two axes and resulted in highly satisfactory numbers (.942 for ESP; .907 for EO). The 39 statements for ESP measure 66% of the variance. The ESP construct was further tested for consistency between each subgroup which again was satisfactory (Environment, .933; Social, .880; Community, .854).

## Results and Implications

Crossing the two axes results in 105 respondents in the 'Strategic' category, 55 in the 'Militant' one, 100 'Reactive' and 70 'Traditionalist'. While the majority of respondents cluster around the center, some are rather far from the axes, hence indicating an important variance in the sample.

To validate the similarities between the theoretical samples and the empirical one, ANOVA tests were conducted on each category of respondents and firms' motivations towards sustainability. The results are highly significant for the 'Strategic' and 'Reactive' groups ( $p < .000$ ). Also, statements are significant for the 'Militant' group while the motivations of the 'Traditionalist' do not align with the theory. Moreover, some statements are highly significant for more than one profiles. It also has to be noted that the 'Reactive' group is the opposite compared to the 'Strategic' group on a lot of items, systematically scoring over the average (Strategic), and under the average (Reactive).

At the theoretical level, the model presents some improvement as described above but still needs to be refined. Further analysis will be conducted to test other relationships, for instance the various groups' attitude towards government sustainability policies and the owner-managers' strategic profiles. Interviews should also be conducted with the 'Traditionalists' to better understand their motivations.

At the practical level, a clearer understanding of SMEs' profiles could lead to better support from the public and private sectors to take them to the path of sustainability. Moreover, the SMEs that responded may have been exposed to practices that they could easily implement, hence this project could have had an educational dimension as well.

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# **Family involvement and Corporate Social Performance (CSP) in Moroccan SMEs**

## **PRINCIPLE TOPIC**

An increasing number of scholars have turned their attention to the concept of Corporate Social Responsibility (CSR). This later has gained importance for companies and their stakeholders. Especially, diverse stakeholder groups are more and more interested on corporate economic, social and environmental impacts and push companies to redefine their responsibilities toward society. Calls are launched to incite companies to implement actions to protect the environment, to fight against exclusion or to participate to local economies. In other words, CSR can be defined as corporate answer to societal pressures inciting them to take into account social and environmental concerns. Different types of corporate behaviors can be developed in that regard. The degree of strategic integration of CSR concerns within a company depends on management processes, structures and systems of control and evaluation that it has developed (Capron & Quairel-Lanoizelée, 2007).

Although large companies are often the object of attention for evaluating CSR practices, SMEs (Small and Medium Enterprises) are not excluded from that trend as they represent, for many countries, a significant part of the economic landscape and as their cumulative impact on society is significant. It appears that even if their CSR policy is often less structured and formalized than large companies, SMEs have adopted interesting behaviors to manage societal issues. Their approaches are however diverse regarding the sense and the place they give to this concern for corporate strategy.

Furthermore, several studies comparing the performance of family firms and non-family firms have focused on financial aspect within the large companies (Dyer 2006, Burkart et al., 2003; Casson, 1999; Stein, 1988). O'Boyle et al., (2010), argue that family firms tend to convert their CSR orientation into a competitive advantage and therefore increase their financial performance. However, to our knowledge, no study has focused on the impact that family involvement might have on corporate social performance (CSP) of the SME in the Moroccan context.

Family involvement is a mixed concept. Some define it as the share of the family (degree of ownership) in the capital of the company (Anderson and Reeb, 2003), while others define it with respect to family members working in the company (Mishra and McConaughy, 1999). In our paper, we adopt the definition of Chua and al., (1999), considering family involvement as a substantial family presence in ownership, governance, management, succession, and/or employment. There are various legitimate competing theories on why family firms are likely to be more or less socially responsible than nonfamily firms.

According to a self-interest perspective, the dynamic of amoral familism would suggest that owning-families would not likely be socially responsible, but would likely emphasize self-interest. The outcomes of such beliefs might be behaviors such as nepotism that could disadvantage company employees and other stakeholders, or competing in the marketplace in ways that could prove harmful to the greater social good (Rosenblatt, de Mik, Anderson, & Johnson, 1985; Schulze, Lubatkin, Dino, & Buchholtz, 2001). Furthermore, Morck and Yeung (2004) have argued that family firms are highly self-interested and merely want to protect their own parochial interests. Thus, the families that own various enterprises would

not be inclined to improve the broader societies in which their firms are embedded. Indeed, such family firms may foster corruption, which undermines public confidence as well as the legitimacy of public institutions in order to protect their own interests.

In contrast, according to Stewardship theory, managers identify with their organization and do not instinctively act in an opportunistic way (Davis et al., 1997). Indeed, a stewardship philosophy has been argued to be common among successful family businesses (Corbetta and Salvato, 2004). Stewardship theory depicts organizational members as collectivists, pro-organizational and trustworthy (Davis et al., 1997). In the realm of stewardship, managers are more concerned about the well-being of the organization and find their identity tied to that of the organization. If the organization's reputation is favorable with internal and external stakeholders, then managers may receive both extrinsic and intrinsic rewards thereby increasing the performance of the organization, while concurrently maximizing their utility through their identification with the organization (Dibrell & Moeller, 2011). In sum, stewardship behaviors refer to actions signifying a collectivist orientation towards an organization's well-being. Stewardship therefore also includes the extent to which individual's express their loyalty/commitment to an organization which may be a direct result of the wages and/or level of professionalism exerted within the organizational premises (Zahra et al., 2008).

Taken into account these elements, our paper focuses on Familial SMEs' CSP. More especially, we intend to analyze the incidence of family involvement on Moroccan SMEs' CSP by comparing the degree to which family and non-family SMEs are socially responsible.

## **METHODS**

To analyze Moroccan SMEs' CSP we collected qualitative data. More especially, we conducted semi-structured interviews with Moroccan familial and non-familial SMEs' CEOs in order to understand in depth managerial perceptions and actions. We developed an interview guide to define the main aspects we have to approach with top managers. We asked questions about managers' perception and definition of CSP issues, about CSP actions they implemented and about the reasons/brakes that have led to these behaviors. 20 CEOs of SMEs were interviewed. Interviews were conducted individually, by phone or face-to-face, and were entirely retranscribed. We followed the principle of information saturation to define the number of interviews we had to do (Baumard et al., 1999). Primary data were analyzed by a content analysis of discourses using NVIVO'8. We coded all discourses, defined the main emerging themes, counted their occurrence of apparition between interviews and developed cross-matrixes to identify relationships between familial involvement and SMEs' CSP.

## **RESULTS AND IMPLICATIONS**

Moroccan family SMEs are more likely to be responsible than non-family ones. Indeed, the owners of the Moroccan family business regard their companies as an extension of themselves and therefore they seek to avoid situations that would generate a negative perception of their organization as this would negatively affect their reputation. Dyer & Whetten (2006) argue that owners and managers, who see themselves and/or their families as personally identified with the firms they own and manage, may be more willing to encourage CSP than those owners and managers who believe they can toil and reap firm benefits in

relative anonymity, and need not accept personal responsibility for the firm's poor behavior. Furthermore, family SMEs are more likely to exploit Corporate Social Opportunities (CSO) than non-family ones. Craig and Dibrell (2006) state that an organization which has an organizational culture that exemplifies stewardship behaviors is positively associated with increased organizational innovativeness. More recently, the study of Dibrell and Moeller (2011) has brought additional demonstration to how companies' family involvement might influence their performance. The authors analyzed 206 family- and 101 nonfamily-owned businesses and their results indicate that family-owned businesses are more capable of incorporating stewardship cultural behaviors in their customer service processes resulting in increased organizational innovativeness compared to their non-family competitors. However, both family and non-family SMEs consider CSR as an opportunity. Elbaz et al. (2012) argue that a vision of global performance based on the respect for both financial and social/environmental objectives is expressed by Moroccan managers, in particular by those having created their company.

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# What Drives Early Internationalization Of New Ventures From Transition Countries?

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Keywords: international new ventures, internationalization, emerging economies, exports

## Track: Internationalisation

### Title: What Drives Early Internationalization Of New Ventures From Transition Countries?

#### Aim of the Paper

The aim of this research is to identify the drivers of internationalization of young entrepreneurial firms in transition economies. Several theoretical and empirical studies have identified factors influencing the decision of new ventures to go international rather than to focus on their domestic markets. However, the existing empirical literature, both qualitative and quantitative, suffers from several shortcomings. Indeed, most of the studies on INVs have focused on one particular country (Zucchella et al., 2007; Naudé and Rossouw, 2010) or one particular sector such as high or low technology sectors (Cannone and Ughetto, 2013; Evers, 2010). In addition, most empirical evidence is based on advanced western economies (Zhou, 2007). Moreover, the empirical techniques used in quantitative articles explain either the firm's decision to export from inception or the volume of export but do not link these variables. This paper overcomes these shortcomings and contributes to the literature in three ways. First, it offers empirical evidence of the role of the different factors influencing early firm internationalization in the context of transition countries. These countries are considered as emerging economies because they are low/middle-income, rapidly growing economies using economic liberalization as their primary engine of growth (Hoskisson et al., 2000). Second, this research is based on a large cross-country dataset, which increases the generalizability of the findings. Third, the empirical strategy used makes it possible to explain both the decision to export and the volume of exports.

#### Background literature

The internationalization process of entrepreneurial and small-sized firms has principally been analyzed through two kinds of approaches: so-called internationalization theories, among which the Uppsala model occupies a prominent place (Johanson and Vahlne, 1977); and the INV (Oviatt and McDougall, 1994, 2005) and born global approaches (Knight and Cavusgil, 1996). While the first stream points to slow, gradual involvement in foreign markets, the second stream analyzes the existence of an increasing number of firms characterized by high internationalization speed and involvement in foreign markets from the early stages of their existence. This article builds on the INV approach and in particular on the research that identifies the drivers of early internationalization, among which Oviatt and McDougall (2005) proposed the pioneering conceptual framework.

Oviatt and McDougall (2005) present an integrated model of the forces influencing the speed of internationalization of new ventures. It constitutes the starting point for the theoretical framework developed in this study. The present model differs from Oviatt and McDougall (2005)'s in that it incorporates recent findings from the literature and the specific variables related to our research question.

Oviatt and McDougall (2005) identify three vital aspects of internationalization speed: the time between the establishment of the entrepreneurial firm and foreign market entry, the speed with which country scope is increased and the speed with which the share of foreign revenue is increased. Four types of factors determine the speed of internationalization from the detection of an entrepreneurial opportunity: enabling, motivating, mediating and moderating factors.

### **Methodology**

This research makes use of the information contained in the Business Environment and Enterprise Performance Survey (BEEPS) on over 26000 firms in 27 countries of Central and Eastern Europe and Central Asia for the years 2002, 2005, 2007 and 2009. The sample covers all the previously centrally planned economies of Europe and the Former Soviet Union, which have undergone the profound institutional transformations connected with the transition to a market economy. The group of former communist countries is extremely diverse, ranging from the lower-middle income economies of Central Asia, to upper-middle income Central European countries, which, as members of the EU, tend to have a fully developed market system.

This research uses a Heckman two-step estimator. This procedure takes into account the fact that not all new ventures export and that the absence of internationalization is due to specific features of the firms. Using an OLS estimator in the presence of selection bias would lead to biased results. The first step in the empirical study is therefore to estimate the likelihood that a particular firm will export (the selection model) and the second step is to identify the determinants of the level of exports (the outcome model). This approach has been used in several recent articles on the export behavior of new ventures (Naudé and Rossouw, 2010; LiPuma et al., 2013). One requirement of the Heckman procedure is the presence of different variables in the selection and the outcome model. In this empirical study the selection model uses a probit regression to estimate the decision of a firm to enter the export market within the first three years after establishment. The outcome model uses ordinary least-squares regressions to estimate the relationship between the volume of exports and its determinants. The study therefore explains two of the three vital dimensions of internationalization speed outlined by Oviatt and McDougall (2005): the age of entry and international commitment of firms in terms of foreign revenues. As the survey does not include any information on the destination of exports we cannot include the third dimension, the commitment in terms of country scope. The explanatory variables are classified into four categories, in line with our conceptual framework: enabling, motivating, mediating and moderating factors.

### **Results and Implications**

This study of new ventures in 27 transition countries between 2002 and 2009 provides empirical evidence on the drivers of their early entry to international markets through exports. As such, this research contributes to the stream of the literature that explores the determinants of internationalization of young entrepreneurial firms and in particular in emerging economies, which have been largely ignored in the literature. Moreover, the focus on transition economies provides some interesting insights as these countries have faced numerous economic and social changes over the past two decades.

Empirical results have confirmed that the decision to export and the level of exports of INVs depend on the environment and the characteristics of the firm and of the top manager. Indeed, the main factors that determine the probability that a new venture will export from inception are: location in an EU country, size and foreign ownership of the firm, and the past experience of the top manager. Once a new firm has started to export, the level of its international commitment is negatively impacted by weak transport facilities, corruption, and the introduction of a new product. This study also shows that the determinants of the decision of INVs to internationalize may differ slightly from those of late-exporters. In the case of the latter group, international certification, the introduction of a new product and investment in R&D play a significant role. However, there is no difference between the two types of firm in terms of the factors that explain the extent of internationalization.

These results have significant implications both for policy makers and managers. The findings suggest that creating a favorable environment for young firms is essential to improve their prospects for internationalization and competitiveness. In the current sample, EU-located new ventures demonstrate much better performance in terms of internationalization. This implies that structural reforms aimed at facilitating the movement of goods, services, capital and people and at creating opportunities for international development play a significant role in the performance of new ventures. Moreover, a strong commitment to the fight against corruption in everyday business practices at the firm level is necessary to stimulate the development of small, young ventures. This study also shows that facilitating foreign participation in the capital of young ventures, the creation of joint ventures between new ventures and foreign firms and, more generally, interaction

between domestic and foreign firms would greatly benefit domestic firms in emerging economies. Indeed, such measures would allow ventures from emerging countries to benefit from spillovers in terms of know-how, technology and access to networks and therefore improve their performance.

**Workshop Title:**  
**"Some Assembly Required": Challenges in Translating Research on High Growth Companies into Economic Policy**

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Key Words:

High growth firms, Gazelles, Economic development policy

Workshop Abstract:

Track Title: Policy

Workshop Title: "Some Assembly Required": Challenges in Translating Research on High Growth Companies into Economic Policy

Aim of the Workshop: The purpose of the workshop is to discuss the experiences of scholars and policy practitioners in informing public policy formulation with research on the economic significance of high growth firms.

High growth firms – often referred to as “Gazelles” - are characterized by current or recent periods of substantial employment and/or revenue growth. International scholarly research has consistently found that while high growth firms typically constitute only 3 to 5% of total business populations, they make disproportionately large contributions to net new employment in regional and state economies. In addition, rather than being concentrated in particular economic sectors or geographies or development stages, high growth firms have been found to occur across a broad range of industries, locales and corporate age ranges.

The “ubiquity” of high growth firms positions them to be effective agents for broadly distributed economic growth and therefore their vitality might be expected to be a priority in the design and implementation of public economic policy. But the experience of many economic policy practitioners suggests that the state of current knowledge on the important economic role of high growth firms, while impressive, is not yet persuasive for the purposes of influencing public policy.

In the workshop a panel of scholars and public policy informants will discuss the state of high growth firm economic knowledge and the largely ineffective efforts to date in translating such information in economic development practice. The intended outcome is the identification of critical information gaps impeding the translation of research consensus on high growth firms into responsive economic public policies. Describing such information requirements may enable the delineation of a prioritized high growth firm research agenda that better informs and influences economic policy formulation.

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# Determinants of Government Financing of Cleantech Companies

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key words: cleantech, public policy, venture capital, government funding, lobbying

**Track Title:** Policy

**Paper Title:** Determinants of government financing of cleantech companies

**Aim of the Paper:** The aim of the paper is to determine the impact on government funding of cleantech companies of the amount of venture capital investment, venture capitalist reputation, and lobbying activity.

Federal agencies provide one-third of the total financing of early-stage venture-capital-backed cleantech companies on average. It raises the question, what gives those companies legitimacy in the eyes of federal agencies evaluating their proposals for federal funds? When young venture-capital-backed cleantech companies seek federal funding they lack the legitimacy (Stinchcombe, 1965) that comes from years of operating successfully. Such companies have few or no customers, little or no revenue, operating losses, and negative operating cash flow. We propose three principal sources of their legitimacy: their venture capital; their venture capitalist's reputation; and their lobbying expenditures.

**Background Literature:** Early-stage companies in high-tech industries such as some cleantech segments face a daunting challenge when trying to raise resources because their principal assets are intangible and knowledge-based. Many search for venture capital, but relatively few succeed in getting it (Bygrave & Zacharakis, 2013). For those successful few, venture capital has intangible benefits besides money. Certification (Megginson & Weiss, 1991; Hsu 2004) of the business model and management team comes from passing the rigorous scrutiny of venture capitalists. And value-added (e.g., Rosenstein et al, 1990; Sapienza, 1992) comes from the venture capitalist's expertise and contacts, especially if the lead venture capital firm has a high reputation (Gompers, 1996) for investing in cleantech.

**Methodology:** We develop three hypotheses as follows:

We reason that the more venture capital that a company has and the higher the reputation of its venture capitalists, the greater its legitimacy from the viewpoint of federal agencies from which it requests financial support (primarily grants and loan guarantees); and the greater a company's legitimacy, the more federal funding it receives.

H1: The amount of federal funding awarded to a venture-capital-backed cleantech company increases with the amount of venture capital that the company has.

H2: The higher the reputation of a company's venture capitalists, the more federal funding it receives.

Another way in which cleantech companies raise their legitimacy in the eyes of federal agencies is by lobbying. When the stimulus package was enacted in 2009, there was a huge surge in lobbying expenditures by cleantech companies as they scrambled for a share of the \$110 billion of federal support that became available for cleantech initiatives over the period 2009-2011 (Jenkins, 2012).

H3: The amount of federal funding received by a cleantech company increases with the amount it spends on lobbying.

We tested the hypotheses on 67 venture-capital-backed companies in the solar power, advanced batteries, and electric vehicles segments of cleantech. We measured the reputation of venture capital firms by the

number of cleantech investments that they made from 2008 through 2012. The top-3 venture capital firms were Kleiner Perkins Caufield & Byers with 138 investments, Khosla with 109, and Draper Fisher Jurvetson with 96. Federal funding was the combined amount of grants and loan guarantees. Venture capital data were gathered from Venture Expert and i3; lobbying expenditures came from the Senate Office of Public Records. We used OLS regression to test the hypotheses. The dependent variable was the amount of federal funding received by a company. The independent variables were the amount of venture capital invested in a company, the logarithm of the reputation of its lead venture capital firm, and the amount that a company spent on lobbying. Indicator control variables were whether venture capital preceded federal funding; whether lobbying expenditures preceded federal funding; and whether the first federal funding resulted from the stimulus package in 2009-2011.

**Results and Implications:** The regression equation was highly significant ( $p < 0.0001$ ) and the adjusted R-Square was a respectable 0.53. The amount of federal funding correlated with the amount of venture capital ( $p < 0.0001$ ), indicating that deep-pocketed venture capitalists are an advantage. But venture capitalist's reputation did not correlate with the amount of federal funding that a company raised—and possibly was negatively correlated ( $p < 0.1$ )—hinting that a company's venture capitalist brought no value-added when it was getting federal funding. Lobbying expenditures correlated with amount of federal funding. Here are a few examples. Solyndra spent \$1.42 million on lobbying and received \$528 million of federal funding; A123 spent \$990,000 on lobbying and received \$249 million of federal funding; and Tesla, whose lobbying expenditure from 2007-2011 was \$480,000, received \$429 million of federal funding. SolarBridge, which spent \$20,000 on lobbying, got \$3.8 million of federal funding to augment its \$6 million of venture capital.

Federal agencies seem to be acting as pseudo venture capitalists investing in early-stage cleantech companies, which we discovered are, on average, leveraging each dollar of real venture capital with 50 cents of 'quasi venture capital' from the government. It raises an interesting public policy issue. Federal funding is subordinate to venture capital in a bankruptcy; thus federal agencies bear more downside risk than venture capitalists, but don't participate in upside returns. Both Solyndra and A123 failed and the government lost at least \$500 million. In contrast, Tesla succeeded and its stock price increased more than fourfold in 2013. Tesla's government funding (\$465 million) was more than twice its venture capital financing (\$213 million) and even exceeded its venture capital financing and IPO proceeds combined (\$429 million). Tesla repaid its entire federal funding plus \$12 million interest in May 2013. But unlike Tesla's venture capitalists whose investments returned at least 10x and as much as 57x, the government got no risk premium whatsoever... zero financial reward for risking more than twice as much money as the venture capitalists!

# Analyzing the Role of Regional Headquarters in SME International Provision of Service

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**Keywords:** regional headquarters, international service provision, SME

## Track: Internationalization

### Analyzing the Role of Regional Headquarters in SME International Provision of Service

#### Aim of the Paper

SMEs are recently affected by severe market changes. On the one hand, an ongoing convergence of markets and a reduction of trade barriers (Teece, 2010; Terziowski, 2011) forces SMEs to establish a global perspective. This task is highly challenging for these type of firms, as they are not only – like bigger firms – affected by *liabilities of foreignness* (Zaheer, 1995) but typically also have to cope with *liabilities of smallness and newness* (Aldrich & Auster, 1986) that cause a lack of substantial physical, financial, and human resources. On the other hand, SMEs have to take into account that the traditional customer role changes rapidly. Modern ICT enhances customer access to information and enables them to aggregate to customer communities that meet firms at eye level (Oliva & Kallenberg, 2003; Prahalad & Ramaswamy, 2004). Following, customers claim voice and call for service offerings that are tailored to their needs.

The aim of this paper is first of all to analyze strategic consequences of the dilemma that SMEs are not only forced to enhance their global presence and to realize standardization advantages on a global scale, but also have to effectively serve locally enrooted customer needs to ensure their survival (Ross & Morrison, 1990). By bringing *regional headquarters* (Piekkari, Nell, & Ghauri, 2010; Mahnke et al., 2012) as tool to solve this dilemma into play, we establish a new strategic perspective on SMEs. We enhance literature as the role regional headquarters play in managing the need to coevally consider global and local aspects has up to know only been analyzed in an MNC context. We ask: (1) *How are SMEs despite of liabilities of foreignness and liabilities of smallness and newness able to offer customized service solutions in foreign markets?* (2) *Which strategic role do regional headquarters play in this context?*

#### Background Literature

Our research integrates three different literature streams: we refer to literature dealing with aspects of globalization and especially the convergence of markets (e.g. Yip, 1989); service management literature (e.g. Vargo & Lusch, 2008) as well as regional headquarters literature (e.g. Mahnke et al., 2012). We depart from the assumption that ongoing market changes offer opportunities and cause necessities for any kind of firm to establish a global presence and to align their portfolio of offerings in the direction of service provision. By taking into account that strategic acting of firms is heavily influenced by the availability of resources, we emphasize that firms are to a certain extent idiosyncratic. This perspective allows us to take into account that bigger firms may due to their exaggerated resource portfolio better than SMEs be able to deal with market challenges. In contrast, SMEs are perceived as strategically more flexible and as more risk taking which may enable them to compensate resource constraints (Lu & Beamish, 2001). In other words: SMEs need to be smarter to be able to effectively deal with recent market challenges and to survive global competition. But what means 'smarter' in detail? This deserves closer attention:

Service management literature states that the distinction between goods and services becomes more and more blurred (Vargo & Lusch, 2004). Against this background, it is most likely that product and service internationalization converge as in both cases local presence seems to be beneficial. Related to strategic acting this implies for SMEs that the risk of solely offering products and the risk of offering integrated solutions become more and more alike. For bigger companies the perspective is a different one: they have very often already successfully started global activities by establishing regional and/or local units, an aspect that at first sight constitutes a competitive advantage for bigger companies compared to SMEs. Nevertheless, it has to be considered that these foreign market activities are mainly product based. Re-defining the product focus and providing service-based offerings is therefore a new and highly complex challenge for bigger companies. Therefore, SMEs may be in a better position than it appears at first sight as they do not face the challenge to re-define their basic international business logic.

This is where our research ties in: we are confident that it is due to enhanced flexibility and a willingness to take higher risks compared to bigger firms much easier for SME to establish a service-oriented mindset and to develop a deep understanding of customers' needs, experiences and processes in order to create offerings that match customers value perception (Grönroos, 2011). This allows SMEs to adapt faster (and maybe also superiorly) than bigger companies to the market driven call for the provision of locally adapted service offerings. Furthermore, SME are able to learn from bigger firms how to establish global activities – but need to adapt basic global structures to their needs. The adaption process is crucial as SMEs have to consider their resource constraints when establishing global structures. This implies that SME global structures need to be smart and innovative. In this context, virtual structures as for example virtual regional headquarters (Enright, 2005) may provide an opportunity for SMEs to overcome the competitive disadvantage of a lack of resources and to match market needs. Based on utilizing virtual regional headquarters SMEs may be able to establish a global presence and to become relevant competitors for bigger firms due to an ability to offer advanced integrated solutions which may constitute a competitive advantage.

We further assume that being able to coordinate and control the local, customer-related activities is crucial to make the initial competitive advantage of SME sustaining. In this context, the virtual regional headquarters role is again of importance (Mahnke et al., 2012). To be able to highlight this interrelation, we transfer findings from MNC-focused regional headquarters studies to our research context and develop implications on how SME virtual regional headquarters should be designed to match requirements of SME international service provision.

### **Methodology**

Due to newness and complexity of our research topic we employ a qualitative-empirical case study research approach. Based on semi-structured interviews with founders of international new ventures as well as managers of established bigger firms that are challenged by the market driven need to offer integrated service solutions, we are able to provide a comparison how SME and bigger firms tackle the challenging market developments that call for globalization as well as for providing service offerings. As far as we know our comparative research approach is unique in this field of service-linked internationalization research. In order to deepen our understanding of the phenomenon, we focus on theory building as suggested by Eisenhardt (1989) and develop a set of research propositions that is based on a qualitative content analysis of the interviews we conducted.

### **Results and Implications**

The contribution of our study is threefold: first of all, our study shows that SME are due to certain flexibility in changing their basic business logic and a higher risk affinity able to overcome resource constraints and to successfully compete with bigger firms that are much better equipped with resources on a global level. Furthermore, we are able to contribute to a better understanding of the role service-related activities play in SME internationalization. As a last aspect, we are able to transfer insights on regional headquarters provided in MNC literature to a SME level. By doing so, we provide a new solution for SME how to manage international, service-driven activities. This is not only of relevance for research but especially of interest for business practice and calls for rethinking our picture of the scope of SME strategic acting. Nevertheless, we are aware that the impact of our case study approach is limited and further empirical work is needed to enhance our understanding of the linkage between the market-driven need for internationalization and offering service solutions and strategic SME management. However, we are confident that our study provides new and interesting insights by linking and enhancing SME literature, service management literature and regional headquarters literature. Furthermore, our findings that are developed on a solid qualitative-empirical base build a solid framework for future quantitative-empirical research.

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# **The Impact of the Financial Crisis on SME Financing in Belgium**

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Key words: Bank financing, financial crisis, credit refusal, financing problems, SME Financing

# The Impact of the Financial Crisis on SME Financing in Belgium

## Aim of the paper

During 2012 the banking sector was still claiming that credit policy had remained unchanged and that the volume of credit being granted had increased. Business-owners, however, were saying that less credit had been granted, that lending conditions had been tightened and that the banks were setting stricter requirements when granting credit. SMEs do not always have sufficient internal funds. This means that they have to obtain external financing, either through an injection of capital or by taking out credit. In this paper we will discuss the situation regarding the funding of SMEs at the end of 2012, including developments in applications for credit between 2008 and 2012.

The research questions discussed are: Is there a lack of credit in the last 5 years? Do SMEs at the end of 2012 have more financing problems than in June 2008? What are the current financial problems of SMEs and how can we try to solve them? After investigating the extensive literature, we will empirically test a number of hypotheses concerning the financing problems of SMEs using data from a postal survey. Based on the empirical results we will present an overview of the bottlenecks that SMEs encounter in practice. We also suggest a number of possible solutions.

## Background literature

Small enterprises do have disadvantages over large enterprises in terms of access to bank loans (Beck et al., 2006). This is due to information-asymmetry between investors and entrepreneurs which is more pronounced in financing small enterprises than in financing large enterprises (Scholtens, 1999). Small enterprises do have often difficulties to communicate credibly about their quality (Berger and Udell, 2006). Bester (1985) argues that this problem of information-asymmetry can be reduced by implementing specific loan conditions and by asking guarantees. The possibility for a firm to give guarantees depends on the sector in which the firm is active and on its asset structure.

Typical for the Belgian context, and the rest of continental Europe, is that companies are using proportionally much more bank financing (Ooghe and Voet, 2003). The finding can be explained by the fact that the Belgian capital markets are underdeveloped. Belgium also has a weak legal protection system for shareholders. Therefore bank financing and supplier credit are the most attractive forms of financing. Stohs and Mauer (1996) expect a positive relationship between short-term financing and the size of the company. Lasfer (1997) also shows that small businesses in periods of recession mainly rely on guaranteed loans and short-term bank loans.

There are a lot of publications about the difficulties that SMEs have to acquire the necessary funding (De la Torre et al., 2010). On the demand side Tucker (2006) recognizes that SMEs are often insufficiently aware of the developments in the market and the financing mechanisms. In addition, SMEs have insufficient information about their projects and/or company to demonstrate what it is worth for the providers of capital (Holmes et al., 2003). On the supply side a large number of micro, small and medium-sized enterprises are financially excluded. The main culprits are high transaction costs for small loans combined with the perception of investors that small businesses represent a high risk with a low yield (Tucker, 2006). Young and smaller companies often have to provide more guarantees (Rajan and Winton, 1995). Personal guarantees are granted more often by small businesses that have fewer assets and when the owner of the company is richer (Avery et al., 1998).

## Methodology

The results of a survey on SME financing sent to 7085 Belgian SMEs are discussed. After deduction of the invalid answers, our results are based on answers from 1166 SMEs (response rate 18,1%). The survey contains 32 questions divided into eight categories: the characteristics of the responding companies, the demand for bank credit, alternative (or non-bank) financing, the granting of a bank credit, the quality of service of the banks, the evaluation of the rating score, the Government measures and the future use of external financing. The data obtained from the written surveys were processed statistically using SPSS. Differences between micro-enterprises (with less than 10 employees) and other SMEs (between 11 and 250 employees) are tested using a chi-square analysis or a Mann-Whitney test.

## Results and implications

Using Chi-square analysis our results show that micro-enterprises significantly have more problems in attracting bank financing in comparison with SMEs. Almost 23% of the micro-enterprises were faced with a credit refusal. The main reasons for a refusal are: insufficient repayment capacity, a lack of equity or own funds, more severe credit conditions due to Basel rules, insufficient guarantees. The banks must be aware of the fact that they, by tightening the conditions for access to credit, may impede the growth of the firms in the medium and long term. Therefore, banks should pay more attention to facilitating lending to micro-enterprises, possibly with the support of the Government. The micro-enterprises give significantly lower scores for the quality of the services of the bank than the larger SMEs. The survey shows that businesses want to receive more information about the rating of the company and the criteria used to calculate this rating. Noteworthy is also that at the start of the crisis (2008) the number of successful requests was higher than the number of successful requests in 2012, which suggests that the Belgian SMEs, since the start of the crisis, encounter more problems to obtain bank financing.

Based on the results of the survey, an overview is given of the 10 main bottlenecks encountered in obtaining finance for SMEs: lack of repayment capacity, lack of equity capital, too many guarantees required, lack of information, lack of knowledge about their rating, high cost of debt, length of the decision-making process, difficulty to present a convincing business plan, lack of market financing and sector-related problems. For these bottlenecks a number of possible solutions is suggested for finding a way round or alleviating those bottlenecks.

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# **Business Modeling as Design Thinking: Implications for Entrepreneurship Education**

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Key words: business model, design, artifact, aesthetics, rhetoric

## **TRACK: EDUCATION**

### **PAPER TITLE: Business Modeling as Design Thinking: Implications for Entrepreneurship Education**

#### **Aim of the Paper**

This paper claims that business models are generated, evaluated and negotiated according to aesthetical and rhetorical criteria. Simon (1996) conceptualized organizations as artifacts and highlighted the artificial nature of the firm. According to Sarasvathy (2003), entrepreneurship is a “science of the artificial” or an “artifactual science” (Sarasvathy, 2013), dealing with “what can be rather than with what is or what ought to be” (ibid.: 85). The notion of design concerns objects or systems that do not yet exist (Romme, 2003), with new ventures analyzed as the outcomes of a “motivated and negotiated” design (Sarasvathy, 2004: 522) generated by entrepreneurs in interaction with their stakeholders. New ventures are intersubjectively elaborated and evaluated according to rhetoric and aesthetical criteria, with entrepreneurs “enacting” the value proposition of their business in a “model” further “exposed” to assessors (Morris et al, 2012; Weick, 2002).

What may be the implications of this perspective on entrepreneurship education? What does it mean to prepare and train students in entrepreneurship to elaborate business models as design forms and to enable them to build structured, coherent and attractive discursive representations of their future ventures? The aim of this conceptual paper is to explore the links between design, aesthetics and rhetoric in the development and evaluation of business models with the aim to elaborate a research program on business modeling training in the context of entrepreneurship education.

#### **Background Literature**

Key driver of value creation (Mahadevan, 2000), performance (Zott and Amit, 2007) and legitimation (Lounsbury and Glynn, 2001) of new ventures, business models are a configuration of interconnected elements, their interdependence referring to a systemic organization (Meyer, Tsui and Hinings, 1993). This dynamic consistency among interrelated components (Demil and Lecocq, 2010) was analyzed as the result of a rational approach elaborated by the entrepreneur in order to get competitive advantage (Goethals, 2011).

However, empirical research indicates that entrepreneurs elaborate business models on the basis of their beliefs and representations relative to the expectations of customers, employees and stakeholders (Vera-Munoz, Shackell and Buehner, 2007). Sarasvathy (2004: 526) noticed that new venture's design involves “as much semantic categorization and metaphorical projection (if not more) as it does information processing and problem solving”, with entrepreneurs designing business models of future firms that are mainly stories (Lounsbury and Glynn, 2001), persuasive stories and the future. In Kateb's words (2006: 395), “the quest for meaning is satisfied by comprehensive and aesthetically compelling fictions or stories”. Simon (ibid.: 111) characterized design professionals as those who devise “courses of action aiming at changing existing situations into preferred ones”, whereas for Schön (1983: 345) design is “a conversation with the materials of a situation”, a reflective conversation whereby designers are aware of their limited understanding of the situation and open to revise it through dialogue. Krippendorff (2006: 209) stressed the semantic significance of design as a way of anticipating and justifying what the artifacts will mean to others, a “second-order understanding”. This entrepreneurial ability consists in the capacity of making the absent present through “a passion to alter reality based on a new design for it” (Kateb, 2006: 389).

Aesthetical notions such as those of symmetry, attractiveness, and coherence play a major role in the building of what one may call an “aesthetics of imperfection” (Gioia, 1988: 55). According to Colas (2005: 79), entrepreneurs engage into a creative process resulting in an “artistic artifact” that aims to “dis-cover” and “correct” the existing world, that is to “reveal the beauty of the world” and to transform the world along with our world vision (ibid.: 84). When evaluating business models, business angels and venture capitalists also use norms and standards that are related to aesthetics judgments in order to assess the originality, the persuasiveness, and the realism of business models (Maxwell, Jeffrey, and Lévesque, 2011). The design of future ventures and its evaluation are thus “affected by a sense of proportion, flow, and rhythm” (Kersten, 2008: 195) whereby rhetoric and aesthetic imagination contribute together to the delivery of an entrepreneurial vision encapsulated within a business model.

#### **Methodology**

This conceptual paper explores the rhetorical and aesthetical foundations of business modeling by expanding and detailing different design activities and techniques of business modeling process within two broad phases of business modeling training in entrepreneurship education contexts: business models' elaboration and evaluation.

#### **Results and Implications**

We identify and discuss four business modeling training activities: prototyping, self-modeling, desirability testing and pitching preparation.

**Prototyping** consists in building concrete artifacts with different levels of resolution, with the aim of testing ideas in design teams, but also with customers and users (Lidell et al., 2011). Entrepreneurs first elaborate

prototypes of their new venture at a low resolution level (Arent, 2006) with business models expressed in terms of rough financial estimates, sketches or paper models of products, and storyboards of services. A higher level of resolution is further reached when entrepreneurs develop their prototype following market testing (user's feedback, financial data, competition benchmarking, etc.). Entrepreneurs may also summarize and magnify their new venture as an aesthetical artifact by expressing a certain style. Entrepreneurs thus endow their business models with a specific style resulting from a balance among practical, economical and aesthetical values: "the grander the style the greater the initiatory impact of the firm: the more powerful the firm's being" (Dobson, 2010: 398).

Entrepreneurial artifacts generated throughout the start up process finally infer and potentially shape the entrepreneur's personal identity (Smith and Woodworth, 2012). We characterize this change process as **self-modeling**, and we think it is a natural consequence of engaging into a business model activity, though this self-transformation can vary according to many individual and enterprise variables, such as the level or personal involvement, the age and the sex of the entrepreneur, or the economic sector, and the country. This is coherent with a particular ontological conception of aesthetics that highlights the idea that entrepreneurs and their ventures engage in mutual transformation. In this perspective, human life is emphasized as a "work of art" with individuals' life evolution conceptualized as a process of continuous and creative self-transformation, a "sculpting of the self" (Peters, 2005: 383).

In the field of design, **desirability testing** is a technique allowing people to identify and formulate their feelings when they are exposed to a designed object. The procedure consists in proposing a series of adjectives, positives, neutrals or negatives to help a person describe his/her feelings with tools that are easy to manipulate such as post-it (Barnum and Palmer, 2010). This technique is sometimes used by entrepreneurs to test the desirability of their business model expressed in different tangible artifacts (product prototypes, development scenarios, etc.) with potential users but also with other stakeholders such as business partners. This can be a valuable feedback that may help them refine their prototypes and improve their business offer before entering the market.

**Pitching** consists for an entrepreneur to persuade in a stylish and short oral speech an audience composed of investors, business advisors and CEOs. In the same line as artists, entrepreneurs are expected to convince the audience by executing a performance (oral, visual, etc.), which will convey information not only about the business itself but also about the people and the future "style" and "culture" of their business model. The oral presentation of business models triggers emotional arousal in the audience, thus influencing investors' evaluation in a direction that increased the occurrence of aesthetic judgments as compared with written business plan evaluation situations.

We think aesthetical and rhetoric foundations of business modeling are not explicitly acknowledged in entrepreneurship education. We believe that both students in entrepreneurship and their professors should first acknowledge such foundations. Then, we may start improving our pedagogical methods in order to enhance our students' ability to both elaborate and evaluate business models as design forms.

## **Entrepreneurship and Firm Boundaries: a Multi-Theoretical Approach**

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Keywords: Entrepreneurship; Theories of the firm; Firm boundaries; Organizational emergence; Business start-up.

## **TRACK TITLE**

Theory and Methodology (Friederike Welter and Jonathan Levie)

## **PAPER TITLE**

Entrepreneurship and Firm Boundaries: a Multi-Theoretical Approach

## **AIM OF THE PAPER**

As Alvarez and Barney (2007) underlined in the special Journal of Management Studies issue on the entrepreneurial theory of the firm, research has not focused until recently on the reasons and the way entrepreneurs set up their firm boundaries in order to exploit a market opportunity. On one side, theories of the firm consider that entrepreneurship issues have no particular features and can be analyzed using the same theories that are used for large firms. On the other, the entrepreneurship literature avoids tackling with those issues.

Our research objectives are to understand how entrepreneurs set up their criteria and how they make them evolve as to decide whether they should make, buy or ally in order to exploit an opportunity. This decision is critical for entrepreneurs as it can undermine the survival of their firm that is very low for young firms.

Therefore, we focus on the following question: what are the parameters to be considered when it comes to define the boundaries of a business start-up? To answer this question, we developed a multi-theoretical approach and an exploratory study of 3 French start-ups. Availability of money, pressure of time, and a good understanding of the core business seem to be the key elements when deciding on the frontiers of the entrepreneurial firm.

## **BACKGROUND LITERATURE**

For the literature review, we first look at the delimitation of firm boundaries by received theories such as transaction cost economics (TCE) and the resource and the knowledge-based views of the firm. Then, we focus on the entrepreneurship literature to highlight the specificities of a business start-up that should be taken into account for firm boundaries configuration.

TCE has been established as a prominent lens to view firm boundary decisions. It gives indications about whether firms should keep an activity in house or contract with an external party considering *ex ante* and *ex post* costs of exchange (Coase, 1937; Williamson, 1985). In particular, according to TCE predictions as developed and operationalized by Williamson (1975, 1985), firms should envisage integration in case of high asset specificity and uncertainty and recurrent transactions.

The resource and the knowledge-based views of the firm (Argyres, 1996; Eisenhardt *et al.*, 2000; Hoetker, 2005; Leiblein, 2003; Teece *et al.*, 1997) proposes a different but complementary approach about how firms set up their boundaries. They consider that firms should perform, on their own, activities that contribute to the firm competitive advantage (Quinn & Hilmer, 1994) while outsourcing or partnering for all others. In particular, the knowledge-based view advises to keep activities in house if those activities involve knowledge that is difficult to transfer to third parties, that can be easily integrated (Kogut *et al.*, 1992), or that is viewed superior by the firm (Conner & Prahalad, 1996). Moreover, in case of frequent renewal of knowledge, integration should be favored to outsourcing (Conner & Prahalad, 1996).

After a brief review of the theories of the firm in terms of firm boundaries definition, we now turn to the entrepreneurship literature to identify the specificities of business start-ups.

Entrepreneurship can be seen as a process that starts with the perception of opportunities and continues with the creation of organization to pursue them (Shane *et al.*, 2003; Bygrave & Hofer, 1991, Adaman & Devine, 2002). This is what Gartner (1985) calls the phenomenon of emergence. The organization is viewed as a group of combined resources (funds, human, and material) and exchange (internal and external) (Hernandez, 2008).

The capability of an entrepreneur to exercise judgment in presence of high uncertainty has great impact on the development of this emergence process. Indeed, an entrepreneur is defined as an individual who specializes in the exercise of judgment or evaluation about the coordination of resources (Casson, 2005). This individual capability of judgment is all the more crucial that an entrepreneur is most of the time the only one to decide in business start-ups because of the lack of organizational decision-making processes.

Moreover, entrepreneurs make decisions in a context of high uncertainty. Uncertainty can be viewed as the impossibility to know future outcomes or to calculate their probability (Alvarez & Barney, 2007). This means noncalculable risks that cannot be covered by insurance (McMullen & Shepherd, 2006). Entrepreneurs receive a profit in return for bearing uncertainty (Knight, 1921). The amount of uncertainty and the willingness to bear it discriminate non entrepreneurial actions from entrepreneurial ones (McMullen & Shepherd, 2006).

One difficult decision for entrepreneurs bearing uncertainty is to delimitate the boundaries of their new organizations. This decision usually takes place under pressure of time (Zander, 2007) and restriction of money (Jacobides & Winter, 2007). In new business creation, the decision to integrate activities results from the inability of other market participants to accept or understand the entrepreneur's perception of the best way of implementing the idea in the market. External contracting is privileged when existing resources are adequate to fulfill the requirements of the entrepreneurial start-up. It helps to speed up the implementation of the project and to give more flexibility (Zander, 2007).

Our literature review suggests that specific elements should be taken into account for the delimitation of business start-ups boundaries. We undertook an exploratory research to see how those elements combine with traditional boundaries criteria for large firms.

## **METHODOLOGY**

The exploratory research uses a qualitative approach. We conducted 5 semi-structured interviews (Huberman & Miles, 1991) with entrepreneurs of 3 start-ups. Two of these start-ups are in the creation phase. The third one is less than 3 years of existence. The entrepreneurs share the characteristic that they are alumni of a Master's degree in Entrepreneurship from a Business School in Paris.

Before the meetings, we prepared an interview guide that covered the principal topics that we wanted to be addressed during the interview. Our goal was to understand what criteria entrepreneurs use for their make-or-buy-or-ally decisions. So we ask them for an explanation of their creation process, their choices of organization, the problems encountered and the expectations for the near future.

The interviews were filmed and transcribed. We then performed a thematic analysis of speech (Evrard *et al.*, 1997). The interviews were held in 2013 in France.

## **RESULTS AND IMPLICATIONS**

Our results confirm the need to adapt theories of the firm to the specific setting of business start-ups. They show that during the business start-up period, entrepreneurs consider traditional boundaries criteria for large firms but also integrate other criteria such as resource, time and money shortages. A key element that differentiated results was the capability for entrepreneurs to understand their business and anticipate the activities that will be really core ones and will need to be performed in house immediately or in very short term.

The contribution of this research is two-fold. From a theoretical point of view, this research aims at developing current theories of the firm such as TCE or the knowledge-based view and adapting them to the entrepreneurial context. From a managerial point of view, it gives entrepreneurs a broad understanding of how to set up their firm boundaries and enables them to foresee the consequences or the needed subsequent adaptations of their firm boundaries.

To expand this research, studies should integrate cases of entrepreneurs with different education background to better analyze how their capabilities to understand their business evolve over time. In final this should help us establish a comprehensive model of the evolution of firm boundaries criteria along with the organization emergence.

Antonio Lecuna

## **Track Title**

Policy (Mark Hart and Paucic McGowan)

## **Paper Title**

Entrepreneurs' Growth-expectations affected by Opportunity and moderated by Education and Exports

## **Aim of the Paper**

Increasing the raw number of entrepreneurs is bad public policy. Start-up companies are not a magic bullet that will transform depressed economic regions, generate innovation, create jobs, and conduct all sorts of other economic wizardry (Shane, 2009). Getting economic growth and jobs creation from entrepreneurs is not a numbers game. It is basically about encouraging the formation of high-growth companies. The overall aim of this paper is to explain, mostly from a sociological perspective, growth-expectation of opportunity-motivated entrepreneurs'. In short, this study specifically tests under the context of Latin America, the benefits of opportunity-motivated entrepreneurship on growth-expectation, and also, how the significance of this effect is increased by the effect of number of years of education and the export-oriented nature of firms. (The dependent variable of this study is a measure of entrepreneurship growth-expectation.)

## **Background Literature**

Entrepreneurship is defined as discovering, evaluating, exploiting, and responding to situational cues and existing sources of opportunity, in addition to referring to the set of enterprising individuals who engage in such processes (Shane and Venkataraman, 2000; Venkataraman, 1997). Entrepreneurship is the nexus of two phenomena: the work of entrepreneurs—namely, uncertainty-driven individuals who are starting or running a business—and the presence of lucrative opportunities (Shane and Venkataraman, 2000; Venkataraman, 1997). Entrepreneurial opportunities are situations in which new goods, services, raw materials, and modes of organization can be introduced and sold at a cost that is higher than the cost of production (Casson, 1982).

Strong evidence also identifies necessity—as opposed to opportunity—as a driver of entrepreneurship, which partially explains the high rates of entrepreneurial activity observed in some poor countries (Acs and Amorós, 2008; Williams, 2009; Block and Wagner, 2010). Necessity-driven entrepreneurship is common in poor countries, whereas opportunity-driven entrepreneurship is common in wealthy countries. (The main independent variable of interest is a measure of opportunity-motivated entrepreneurial activity.)

## **Methodology**

The design is to analyze a sample that is fairly representative of the entrepreneurs in Latin America. Entrepreneurs are interviewed in the Global Entrepreneurship Monitor (GEM) surveys of adults' entrepreneurial involvement around the world. GEM uses a two-stage sampling process, first selecting countries and then sampling adult entrepreneurs for interviews. Entrepreneurs' motives and opportunity-alertness have been surveyed in 19 societies: Peru, Mexico, Argentina, Brazil, Chile Colombia, Barbados, Guatemala, El Salvador, Costa Rica, Panama, Venezuela, Bolivia, Ecuador, Uruguay, Puerto Rico, Dominican Republic, Trinidad and Tobago, and Jamaica. (Linear modeling is preferred instead of multilevel or hierarchical models because of the relatively small number of cases.)

Because the nature of the data is a random self-reported sample mostly done by phone, it is a perception-biased data; however, it is sufficiently valid for most studies. Furthermore, in comparison to the more precise economic data, a significant limitation of focusing on GEM sociological-based data is that crude measurements tend to report lower overall fits of the models and larger measurement errors. This is due mainly because most of the variables are dichotomous and also because country dynamics are different, even after controlling for country dummies.

The sample totals 111,194 entrepreneurs, defined and identified as those who own and manage a starting or operating enterprise. The entrepreneurs reported on attributes of themselves and their firms, which serve as control variables in the analyses: self-efficacy, networking, risk-willingness, education, and firm characteristics (e.g., exporting and innovation-oriented) (all measurements are in the questionnaires that are published on the homepage; Global Entrepreneurship Research Association, 2013). The analyses use variables as measured on various scales and also use standardized variables, which enable comparisons among effects.

## Results and Implications

Table 1 report that the effect of opportunity-motivated entrepreneurial activity on growth-expectation depends on the level of education. Entrepreneurs who have both a high-motivation for opportunity in starting a business and have relatively more years of education tend to have greater growth-expectation. That is, as the number of years of education increases, the effect of motivation by opportunity increases growth expectation. This is the same to say that the effect of motivation by opportunity increases growth expectations if the numbers of years of education are relatively high. (I also tested the interaction effects between opportunity-motivation and other entrepreneurs' general competencies with no significant results to report. Only the education variable consistently entered the regressions with strong positive signs reinforced at highly significant levels.)

More importantly, Table 1 also reports that the triple interaction effect between opportunity-motivation, number of years of education and the exporting nature of the firm yields additions returns in entrepreneurs' growth-expectation. These are relevant findings, namely for Latin America, because high-growth opportunity-motivated entrepreneurship has the potential to raise people out of poverty, create jobs, make markets more competitive, and enhance economic growth. Therefore, instead of focusing on the typical start-up, good public policy would be to allocate funds to export-oriented firms owned and managed by highly educated entrepreneurs'.

**Table 1.** Entrepreneurs' growth-expectation affected opportunity, education, and exports

	<i>Main effects</i>			<i>Interaction effect</i>		
	<i>Coefficient</i>	<i>Standard coefficient</i>	<i>P-value</i>	<i>Coefficient</i>	<i>Standard coefficient</i>	<i>P-value</i>
<i>Entrepreneurs' competencies</i>						
Opportunity-motivation	0.099	0.062	<.001	0.148	0.094	
Opportunity-alertness	0.087	0.054	<.001	0.087	0.054	
Self-efficacy	0.079	0.038	<.001	0.079	0.037	
Networking	0.085	0.055	<.001	0.086	0.055	
Risk-willingness	0.059	0.033	<.001	0.059	0.032	
Education	0.005	0.028	0.005	0.008	0.048	
<i>Firm characteristics</i>						
Phase operating	-0.463	-0.151	<.001	-0.259	-0.085	
Export-oriented	0.011	0.019	0.065	0.0002	0.0003	
Innovation-oriented	0.135	0.081	<.001	0.129	0.077	
<i>Demographics</i>						
Age	-0.005	-0.087	<.001	-0.005	-0.087	
Gender	0.069	0.044	<.001	0.068	0.043	
Household size	0.049	0.031	<.001	0.052	0.033	
<i>Interaction effects</i>						
Opport-mot * education				0.021	0.186	<.001
Opport-mot * education * phase-operation				-0.031	-0.267	<.001
Opport-mot * education * export-oriented				0.001	0.028	0.096
Opport-mot * education * innovation-oriented				0.001	0.013	0.706
<i>Other controls</i>						
Country	(Intercept for each)		Not listed here			
Service sectors						

Notes: Number of observations = 111,194. Household size and exports are expressed using logs.

# **A Science-based Approach to Entrepreneurship from Evolutionary Genetic Perspective**

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Key Words: Entrepreneurship, Science-based Approach, Evolutionary Genetic Perspective, Entrepreneurial  
Base, Entrepreneurial DNA, Mathematical Model

## **Track Title**

Theory and Methodology

## **Paper Title**

A Science-based Approach to Entrepreneurship from Evolutionary Genetic Perspective

## **Aim of the Paper**

Entrepreneurship has performed an important role as invisible driving force to develop national economy and society in developed countries for the past decades (Audretsch, 2002). The importance of entrepreneurship has been spotlighted by global economic crisis. Entrepreneurship has been regarded as one of the critical determinants for firms' survival, growth, and success. However, one of the biggest problems is that entrepreneurship has various definitions by researchers, while there is no structured theory covering the whole entrepreneurship which has changed frequently over time (Low and MacMillan, 1988; Gartner 1990; Shane and Venkataraman, 2000; Bae and Cha, 2005; Landström, 2005).

The nebulosity and vagueness in the concepts of entrepreneurship result in problems including the low applicability in the academic or practical fields. Thus, the necessity of theoretical and interdisciplinary studies and consequential empirical studies on entrepreneurship has been greatly required (Low and Macmillan, 1988).

This study proposes a systematic definition of entrepreneurship from its evolutionary genetic aspects to overcome the limitations and complexities in the existing definitions. This research newly defines entrepreneurship as the 'initiator' of controlling the firm's entrepreneurial reaction propensities (e-DNA: entrepreneurial DNA), which are the combinations of firm's entrepreneurial attributes (e-Base: entrepreneurial Base), to react optimally in accordance with environmental changes.

The scope of this study includes three steps; firstly reviewing the organic aspects of individual firms and defining the new concept of entrepreneurship by way of evolutionary genetic perspective by investigating the firm's reaction in accordance with environment, secondly proposing the mathematical model to explain evolutionary mechanism of entrepreneurship, and finally functionalizing the key success factors to venture firms' survival by quantitative mathematical modeling analysis.

## **Background Literature**

Entrepreneurship has variously defined depending on researchers or time. The number of definition of entrepreneurship is more than that of scholars researching entrepreneurship, because the definition of entrepreneurship has been changed by time, region, and scholars (Landström, 2005). Moreover, focus and essence of entrepreneurship is also different depending on the countries and context (Roper, 2012). Garter (1990) divided into groups of two major researchers to define the entrepreneurship. One is a group that defines entrepreneurship focusing on the characteristics of entrepreneurship. The other is a group that defines entrepreneurship focusing on the outcomes of it.

On the other hand, Stevenson and Jarillo (1990) divided existing entrepreneurship studies into three classifications 1) When, 2) Why, and 3) how, focusing on entrepreneurs. It is still difficult to structure and organize entrepreneurship which continuously changing depending on periods and researchers. Shane and Venkataraman (2000) mentioned that it is needed that organized and structured theory on entrepreneurship in

order to develop entrepreneurship as independent academic field. As shown in this literature review, there is no systematic theory to define entrepreneurship.

This study newly defines entrepreneurship in evolutionary genetic perspective, builds differentiated and structured theory to span the whole of its concepts, and derives generalized theory to transcend time and place from new definition of entrepreneurship as reaction steerer and evolution trigger of firm's DNA such as controller and initiator.

Therefore, reviewing the existing studies of entrepreneurship, this research tries to extract the characteristics which are differentiated only for entrepreneurship using scientific and engineering approach. Through this literature reviews, most definitions of entrepreneurship are divided into three dimensions of 'Why (Objective)', 'What (Resource)', and 'How (Action)'. Those new categories are eligible to classify the attributes into the differentiated and the overlapped. Based on these new three categories, most keywords of entrepreneurship are extracted in the part of 'How (Action)'.

In an attempt to categorize by grouping these attributes, 'Entrepreneurial Orientation (EO)' has been developed. It may be a characteristic attribute to the five components of EO, risk-taking, innovativeness, market proactiveness, competitive aggressiveness, and autonomy. These attributes are value-neutral because the optimal combination is changing continuously because of the environmental change at each time. So there is no absolute good or bad value. It is not considered that these characteristic attributes affect directly to a firm's environmental reaction. But, it is possible to affect environmental reaction propensities. It is naturally expected that there is correlation between characteristic attributes and environmental reaction propensities.

## Methodology

The main research methodologies used in this study are mathematical matrix modeling, one way ANOVA (analysis of variance), and regression analysis.

For the validity and objectivity of the new definition, a series of literature reviews and technological empirical studies including mathematical matrix modeling methods have been implemented. In mathematical matrix modeling, the weighted correlation coefficient (C), reaction (R), entrepreneurship (E), e-DNA (D), and e-Base (B) matrices are introduced.

For the one way ANOVA, this research used the panel data of 978 Korean firms listed in Korean Securities Dealers Automated Quotations (KOSDAQ) for 22 years from 1990 to 2011. The firms' panel data for this study are generated via annual reports and financial statements of Korean firms including venture and SMEs listed on the KOSDAQ Index of the Korea Exchange (KRX).

Additional 779 sample data set is collected by the test sheets on e-DNA and e-Base. Then, the actual reactions were acquired from disclosure of financial statements. The measured data were encoded into all numeric or categorical variables. A series of regression analyses has been carried out to extract the weighted correlation coefficients between e-DNA and e-Base.

## Results and Implications

The studies lead to a systematic theory which can be applicable to not only firms but also all organic individuals suffering creation, evolution, and destruction. The new definition possibly offers insights to researchers as a general definition of entrepreneurship transcending time and region.

The new concept of entrepreneurship is expected to propose the future direction of education and research field, and practically contribute to policy makers and practitioners. The empirical analysis possibly shows that the deficiency of entrepreneurship can be the most important failure factor of venture firms. The innovative algorithm from this research can provide firms with timely solutions and decision indices which enable them to enhance their capabilities. This research might lead relevant further studies on various topics such as developing the Firm-Genome-Map project.

The main hypothesis is that reactions of firms to external environmental factors can be achieved through evolution of their strategic e-DNA. It is proved by verifying that same external factors differently affect depending on strategic e-DNA of each firm.

Applying the firm's environmental reaction model presented in this research will make it possible to diagnose a firm's condition to deduct defects and drawbacks and make appropriate prescriptions as well as prepare countermeasures. Comparative analysis of the applied firm's pattern and the optimal reaction's pattern according to each level of e-Base, e-DNA, entrepreneurship, and reaction makes objective quantitative diagnosis and prescription possible.

This research expectedly changes the paradigm which has been prevailing in this society. According to results of this research so far, it conclusively implies that the decisive determinants of a firm's success or failure are not the external environmental factors such as economic conditions, public policies, and regulations, but the internal capabilities of reaction by its evolution.

## **South Korea's Regulatory Reform Drive through the Public-Private Joint Regulation Advancement Initiative**

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Key Words: South Korea, regulation, reform, Public-Private Joint Regulation Advancement Initiative

## **Abstract**

### **Track Title**

Policy, Innovation

### **Paper Title**

South Korea's Regulatory Reform Drive through the Public-Private Joint Regulation Improvement Initiative

### **Aim of the Paper**

At a 2014 New Year press conference, South Korean President Park Geun-hye announced that the government will establish a three-year economic innovation plan, and stressed national affairs priority will be on economic invigoration. In her first year, the president picked economic democratization as prior task, but this year she has focused on regulatory reform and stimulation of domestic demand to increase national income and revive the economy. Experts also analyzed President Park's plan to foster medical, education, tourism, financial services and software industries, which had been heavily regulated, as five promising service industries in order to invigorate growth and job creation through extensive regulatory reform.

For more than two decades, South Korean government has proactively pursued regulatory reform constantly developing institutional foundation. Though official titles and structure have been changed according to each administration, the basic goal of regulatory reform has been consistent-creating more jobs and an increase in people's convenience through reform of government regulations. Like other countries seeking for regulatory reform, South Korea's regulatory reform has been pursuing in two directions: 'curbing new and strengthened regulations' and 'reforming existing regulations.' It has been the Regulatory Reform Committee (RRC)'s role to review the necessity and feasibility of the prospective and strengthened regulations before they are legally enforced. In order to deal with the latter pillar of the regulatory reform – reforming existing regulations – the Public-Private Joint Regulation Advancement Initiative under the Prime Minister's Office was launched.

Last September, the Korean government established the Public-Private Joint Regulation Advancement Initiative, a regulatory reform task force composed of government officials from major Ministries and staffs from the key private sectors, with the goal of reforming regulations in the fields of business. This was part of President Park's fulfillment of her promise made during the presidential campaign. During the campaign, she promised that she, once elected, will be the 'President of Small and Medium Enterprises (SMEs)' launching 'removal of splinters under fingernails' initiative. The task force is a private entity made up of experts and dispatched government officials and it is able to make fast decisions - mostly within a month- regarding the regulatory issues and their reform proposals. The primary activities of the task force can be categorized into four pillars – excavation of existing unnecessary/inefficient regulations, revamp of the regulations (including deregulation), performance check and feedback, and communication with advertisement. Through this mechanism, the government is focusing on reviewing and revamping of the existing regulations making business environment friendlier especially for SMEs in order to vitalize 'creative economy.'

This paper aims to analyze the role and impact of South Korea's Public-Private Joint Regulation Improvement Initiative and draw policy implications in terms of regulatory reform. First of all, the brief history of South Korea's regulatory reform is explained. Then, the organizational structure and the mandates of the task force are discussed in order to better understand the background of this entity within the context of regulatory reform process in Korea. In addition, together with the introduction of the task force's operational manual and field activities, major specific examples of regulatory reform are chosen as case studies in order to assess its effectiveness and impact especially on SMEs. Lastly, this paper attempts to highlight policy implications based upon South Korea's Public-Private Joint Regulation Improvement Initiative's empirical evaluation for better execution of regulatory reform in general.

## **Background Literature**

OECD Publishing, OECD Reviews of Regulatory Reform: Korea 2007: Progress in Implementing Regulatory Reform, OECD, 2007

Regulatory Reform Committee, 2012 Regulatory Reform Book, Republic of Korea Regulatory Reform Committee, 2013

Republic of Korea Prime Minister's Office, 2014 A White Paper on the Public-Private Joint Regulation Advancement Initiative's Regulatory Reform, Public-Private Joint Regulation Advancement Initiative, 2014 (In Progress)

Republic of Korea Prime Minister's Office, Beyond the Crisis: Regulatory Reform of the Lee Myung-bak Administration (2008-2013)

Korea Society for Regulatory Studies, Journal of Regulation Studies 2011-Current

## **Methodology**

This research requires a case study methodology. Above all, gathering relevant data from the specified documents and compiling databases in order to analyze the effectiveness and impact of the task force are key features of the research. Based on the insights from the case study of the Public-Private Joint Regulation Advancement Initiative, policy implications of regulatory reform are being induced.

## **Results and Implications**

It is possible to evaluate the task force's effectiveness and impact through statistical analyses and comparison. Policy implications of 'what to do' and 'what not to do' can be drawn by the analysis of the task force and examination of key regulatory reform achievements. They will be specifically useful for regulatory reform agencies of many other members or countries hoping to develop or improve institutional capacity to reform existing regulations.

# The Corporate turnaround supporting initiative and new entrepreneurial ecosystem in Korea: *How the policy influences a dynamics of the enterprise ecosystem*

Young-Dall Lee<sup>1</sup> and Choonwoo Lee<sup>2</sup>

Despite a government supports fostering startups to transform the enterprise ecosystem toward more entrepreneurial, indeed an existing rate of new ventures marks still less than the failure degree of startups.

The end of October in 2013, Korean government announced the corporate turnaround supporting initiative for two major drivers. The first is that the rate of business failure in Korea was dramatically increased for long economic downturns. It could be faced from new ventures and traditional SMEs group together. There are no significant risk management systems and infra-structures for new ventures, and traditional SMEs have serious constrains for their low and marginal competitiveness. The second is more significant than the first reason in terms of long term point of view. Since the load and pressure of business failures from many of disrespectful references were emerged significantly, the people's intention or preference about new venture creation downturns rapidly, and it leads the entrepreneurial ecosystem's depression consequently.

New government of Korea proclaims the creative economy, and an entrepreneurship is a key to implement the governmental agenda and direction. New administrator of the Small and Medium Business Administration aimed fostering the entrepreneurial dynamics to revitalize the ecosystem. Even though the government strives to foster new venture creation through many of routes, there are no many future entrepreneurs be ready to accelerate the startups for the psychological barrier what is a fear from many of failure cases. Several surveys' result reflects Korean people's preference to entrepreneurs is positioned at the bottom level among comparative nations.

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In order to revitalize the depressed entrepreneurship, 4 key agendas to support corporate turnaround and entrepreneurial ecosystem have been announced. The first is striving to repeal the joint and several guarantee system for entrepreneurs. This credit management system in terms of lenders is a key constrain factor for entrepreneurs paradoxically. Founders or major shareholders must personally obligate their firms' whole debts and liabilities particularly in venture business if the firms want to loan required capital from any commercial banks. Thus, entrepreneurs should take the entrepreneurial destiny with the firm conjointly regardless the level of portion of the ownership. The second is that the SMBA partially and significantly engages into SMEs' pre-workout and workout programs, and transform the insolvency law to make it more effectively. The third is reducing exit barriers and increasing financing size for marginal SMEs' financial demands. The last is reinforcing an institutional infrastructure including social commitment for corporate turnaround supporting.

These are contributing to reduce future entrepreneurs' psychological barriers. Even though the policies released to the market for only less than a half of year, social and entrepreneurial atmosphere changes rapidly.

However, it has still several constrains to solve raised business failure issues in Korea. The Japanese government established the Enterprise Turnaround Initiative Corporations of Japan to support only SMEs' turnarounds in terms of entrepreneurs. The government had implemented many of supportive policies; however it couldn't be effectively adopted for SMEs. Therefore, the government and SMEs mutually committed to establish only SMEs centered special vehicle to support their turnaround activities.

Europe also had announced the second chance policy for depressed and failed entrepreneurs, and America has a market based turnaround supporting system. America's system is greater than Europe and Asia region in terms of market orientation.

The government of Korea has an intention to increase budget and financing size to support SMEs' corporate turnaround effectively from this year. It expects reducing the rate of failure of enterprises as the primary objective. In addition, the government recognizes reducing the future entrepreneurs' fear index is a key to revitalize the entrepreneurial ecosystem.

This study aims that investigates the Korean government's expected impacts from the corporate turnaround supporting initiative through comparison among Europe, America, and Korea. Because of that this area is the last part of way of completing of enterprise ecosystem in advanced. Korean government expects that the policy contribute to revitalize the enterprise ecosystem more dynamically, and reduce the entrepreneurs' psychological barriers from failures in near future.

## Entrepreneurs' Gender and International Export Performance

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**Keywords:** International new ventures, owner gender, venture capital, firm-specific advantages, country-specific advantages, exports

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## ABSTRACT

**Track Title: Internationalization**

**Paper Title: Entrepreneurs' Gender and International Export Performance**

### **Aim of the Paper**

Using a sample of 4,240 Korean firms, we explore whether male entrepreneurs are more capable than female entrepreneurs or vice versa in taking advantage of venture capital finance, upstream and downstream firm-specific advantages (FSAs), and country-specific advantages (CSAs), thus enhancing export performance from foreign markets. Our results show that (1) female-owned ventures are disadvantageous in getting access to finance from venture capital, but the venture capital financing is not associated with their export performance; (2) male-owned ventures achieve better international performance only through superior innovation and marketing capabilities (i.e. mediation effects); and (3) the country destination of exports within Asia-Pacific positively affects the international performance, but gender is not associated with the home region destination of exports.

### **Background Literature**

Reflecting the increased importance of female entrepreneurship in the world economy, there have been abundant studies on gender issues in the literature. Female entrepreneurs have been shown to be motivated by different goals such as autonomy and flexibility from their male counterparts (Tambunan, 2009). Female-owned firms seem to underperform male-owned firms across diverse performance measures such as survival (Robb, 2002), growth (Brush et al., 2006), financial performance (Kepler & Shane, 2007), and innovation outputs (Whittington & Smith-Doerr, 2005). Motivated by the recent emphasis on gender issues in entrepreneurship, we examine gender effects in the international business context in this study.

We develop a mediation model to explain variation in international export performance based on gender effects. First, new ventures need to secure scarce financial resources from outside stakeholders – such as venture capitalists – for success in the international markets. In addition, new ventures need to capitalize both firm-specific advantages and country-specific advantages (Rugman, 1981) in order to exploit overseas business opportunities profitably through exports. We focus on firm-specific advantages in the form of competencies in innovation and marketing activities. In terms of country-specific advantages, we hypothesize that the ventures that export to geographically diversified foreign markets will enjoy better performance. We expect that male entrepreneurs will have advantageous access in achieving better international performance than their female counterparts through the mechanisms of these four mediators.

### **Methodology**

To investigate the hypotheses put forward in the current study, we utilize the government dataset established by the Small and Medium Business Administration (SMBA) of Korea in 2002. The SMBA is one of the Korean government branches in charge of fostering entrepreneurship and its internationalization by providing supportive public policy measures to prospective founders of small- and medium-sized enterprises (SMEs) in Korea. The SMBA conducted a nation-wide survey to the owners of 11,392 Korean SMEs registered in 2002. Among 11,392 Korean SMEs, 6,023 firms responded to this survey. From the SMBA dataset, we sampled new ventures that are younger than six years and with fewer than 200 employees. After removing observations with missing variables, 4,240 new ventures remain in our final sample for the current study.

We build regression models to test the hypotheses. For continuous dependent variables (finance intensity from venture capital, R&D intensity, SGA intensity, and exports per employee), we implement feasible generalized least square regression (FGLS) models to reduce potential bias

from a heteroskedasticity issue. For dummy variables such as the home region, we adopt a binary logit regression. We follow multiple steps to test the mediation effects of four mediators as suggested in Baron and Kenny (1986).

## Results and Implications

The series of regressions are to check whether our data and results satisfy the four conditions specified in Baron and Kenny (1986) for mediation effects to exist between the gender and international export performance of new ventures. First, the owner gender of Korean new ventures should have significant influences on four mediators. The regression results show entrepreneur's gender exhibiting statistically significant effects on venture capital finance, R&D, and SGA intensities. We interpret these findings as indicating that male-owned ventures are more positively associated with finance from venture capital ( $p < 0.05$ ), innovation activities ( $p < 0.05$ ), and marketing activities ( $p < 0.01$ ) compared to female-owned ventures who show opposite tendencies. According to the binary logit regression results, on the other hand, new venture owners' gender does not exert statistically significant impact on the country/region destination of exports.

Second, each of the four mediators should show significant effects on the international performance of Korean new ventures. Our regression results show that this second condition is satisfied only for R&D and SGA intensities with our Korean sample. They show that new ventures' innovation capabilities and marketing capabilities are statistically significant and positively related to the international performance of new ventures represented by the exports per employee. Regarding the country/region destination of exports, we find that, against our expectation, those new ventures choosing nearby countries within their home region achieve better international performance than those choosing remote and diversified foreign countries outside their home region. Interestingly, the amount of finance from venture capitalists is not shown to exert statistically significant impact on the international performance of Korean new ventures.

Finally, after including the four mediating variables and the venture owner gender in the same model, the new venture owners' gender becomes statistically insignificant. Therefore, we find that *full* mediation effects are available only for new ventures' innovation and marketing capabilities, not for the other two mediators, on the relationship between new entrepreneur's gender and new venture international performance. As a result, these combined findings partially support our mediation model.

These findings suggest that gender matters to start-up companies mostly in internally developing core competences rather than externally getting access to certain financial resources and/or exploiting geographical diversification in export markets. This implies that once female-owned start-ups are adequately possessed with firm-specific advantages, they would be as profitable as male-owned counterparts in exploiting business opportunities through exports in foreign markets.

# The Spatial and Temporal Dynamics of Entrepreneurial Activity: Firm Creation versus Death across the U.S.

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**Keywords:** Spatial dependence, Temporal dynamics, Firm creation, Firm death, Spatial dynamic panel, the U.S.

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## ABSTRACT

### Track Title: Theory and Methodology

### Paper Title: The Spatial and Temporal Dynamics of Entrepreneurial Activity – Firm Creation versus Death across the U.S.

#### Aim of the Paper

Despite the theoretical advancement in economic geography, the literature in entrepreneurship explaining the regional variation of new firm creation and death has followed the dual-track of temporal versus spatial dependence and lacks attention to the joint temporal and spatial dependences. This study responds to this challenge by proposing an integrated model that explicitly addresses the joint endogeneity of the serially- and spatially-lagged dependent variables. Using the Data Enclave (DE) version of Kauffman Firm Survey (KFS) longitudinal dataset, the estimations of this study indicate that the level of firm creation and death is both serially and spatially correlated. I employ the system GMM estimation to address the joint endogeneity issue and this leads to much improved explanation of inter-regional variations in successful and unsuccessful firm creation activities across the U.S.

#### Background Literature

Despite claims of the “death of distance” in a globalizing world (Cairncross, 1997), interest in the geography of economic activity has increased in recent years. This is reflected in interest in the co-location of firms and the relationship this has with economic growth (Krugman, 1991; Romer, 1987), in the clustering of economic activity (Saxenian 1994; Porter, 1998, 2003; Karlsson 2008) and in the role of geography in the strategic management of firms (Baum and Sorenson, 2003). For Sorenson and Baum (2003) the interest in geography, broadly defined, comprises an interest in *place*, as factors exogenous to the firms and industry (including the traditional ‘location factors’ approach), and *space*, as factors endogenous to the firm, typically reflected in the knowledge spillovers literature (Audretsch, 2003). Sutaria and Hicks (2004) recently added a temporal dimension to the geographic entrepreneurship research and showed that *time* is an important factor that affects new firm formation in space.

Despite this resurgence of interests, however, it should be noted that the literature has been developed into separate camps of temporal and spatial dynamics rather than considering both explicitly in empirical settings. As a result, it still remains the case that in entrepreneurship research in particular, the issue of *joint spatial and temporal dependences* – how not just the phenomena of interest (e.g., firm formation/death) but also the relationships of interest (e.g., the predictors of start-up survival/death) in a particular region at a particular time would be affected by those in its neighboring regions over time – has neither been extensively discussed nor subject to significant methodological evolution.

In this paper I respond to the challenge to engage seriously with both issues of spatial and temporal dependences in entrepreneurship research, and with the need to develop new approaches to the analysis of these dependences, through the analysis of firm creation versus death across 50 states in the U.S. over the period of 2004-2010. Specifically, I investigate whether and to what extent both birth and death of entrepreneurial firms in a particular region in the U.S. have been affected by those in its neighboring regions over time using the Data Enclave (DE) version of the newly updated Kauffman Firm Survey (KFS) longitudinal dataset.

#### Methodology

Since I analyze firm birth and death from a geographic perspective in this research, the following variables, with detailed confidential geographical codes where needed (i.e., zip code, metropolitan statistical area, and state), are critical.

- (1) The year when your business was established
- (2) Whether you are out of business
- (3) The calendar year when your business closed
- (4) Whether you filed for bankruptcy
- (5) Mailing address
- (6) Primary location
- (7) Possibility of moving to another location
- (8) City and state for next move
- (9) Main reason for the change of location
- (10) Whether you operated in more than one location
- (11) The number of locations where you operated
- (12) The year and month when you opened the second location
- (13) The year and month when you opened the most recent location
- (14) Customer locations

Since I adopt a firm-level approach in this paper, I control for potential heterogeneity of firm characteristics to explain firm birth/death across states in the U.S. As a result, the following variables are also indispensable for this purpose.

- (1) Industry codes
- (2) Number of employees
- (3) Service versus product
- (4) IPR information
- (5) Employment information for sales/marketing and R&D
- (6) R&D investment
- (7) Rental or lease payments for buildings, etc.
- (8) Prior work experience of owners in the same industry
- (9) Male or female
- (10) Total revenue
- (11) Paid expenses
- (12) Total profit or loss
- (13) Estimated value of asset
- (14) Estimated value of liabilities
- (15) Sales out of the US
- (16) Percentage of total sales out of the US
- (17) Sources of training and assistance
- (18) Teaming up with universities, other companies, and/or research centers
- (19) Total expenses on intangible assets

I employ a combined spatial and dynamic panel regression with system generalized method of moments (GMM), the most state-of-the-art and representative empirical method to control for the endogeneity problem of locational characteristics affecting new firm creation and death. The traditional method in dealing with endogeneity is to find “good” instrument variables (IVs) that should be both relevant and valid: correlated with the endogenous variables and at the same time orthogonal to the error term. The constraint is that in most cases, these instruments are either hard to come by or they have weak correlation with endogenous variables. The difference GMM method of Arellano and Bond (1991) overcomes this constraint by treating the lagged terms of endogenous variables as instrument variables, because these lagged variables are very likely to be orthogonal to the error term after first differencing. In other words this method uses a level of lagged variables to estimate first-differenced endogenous variables. However when a time series is persistent (near a unit root), its differences are near to innovations and therefore difficult to instrument. This leads to the problem of weak instrument (Blundell and Bond, 1998). The system GMM method of Blundell and Bond (1998) tackles this weak instrument problem. It builds up a system of two equations, the “level equation” and the above “difference equation”. The lags of the potential endogenous variables are first differenced and then used directly as IVs in original level equation without differencing, because differenced lagged variables are more likely to be

orthogonal to the error term of the original level equation. The system GMM is thus a method of using lagged differences to estimate levels and using lagged levels to estimate differences.

### **Results and Implications**

The empirical findings of this study enrich the literature on new venture creation/death and regional entrepreneurial development. It not only confirms that temporal dependence is present in both successful and unsuccessful entrepreneurial activities, in a way as interpreted in Acs (2006: 112): 'Local policy and previous history (path dependence) determine local entrepreneurial climate, which may be embedded in the local infrastructure, regulation, attitudes, educational policies, networks, technology transfer mechanisms, and so forth.' It also forcefully demonstrates that new venture creation and death in a region can be predicted from their counterparts in its contiguous regions, and an integrated treatment of the joint temporal and spatial endogeneity can significantly improve the estimation results. This reinforces in a substantive way Plummer's (2010, p. 146) statement that 'entrepreneurship is indeed a phenomenon of both time and space.'

Catherine Leger Jarniou

## **The relationship of firm growth and corporate social responsibility for women high growth entrepreneurs in France**

### **Abstract**

#### Aim of the paper

Entrepreneurship is recognized as an engine of both economic growth and development (Audretsch & al, 2006). Such growth results in social and cultural change as new companies and industries are created and have their impact. Women entrepreneurs contribute greatly to this dynamic (OECD, GEM reports) and increasingly so, particularly in the high growth firm area where women are now becoming more influential and more visible in France.

#### Background literature

In this research we consider how gender expressed in the entrepreneurial context may influence the practice of entrepreneurship. The present study is in line with the question on how gender makes a difference; if it does (Carter & Shaw, 2006 ; Pines et al., 2010). We explore women entrepreneurs and their view of the relationship of managing their businesses and their commitment to social responsibility. We explore the relationship of firm growth and corporate social entrepreneurship under women's leadership.

#### Methodology

This paper focuses on 200 high-growth women entrepreneurs who developed their companies in France in different sectors and different regions over the period 2010 to 2013. The data comes from a French high growth women entrepreneurs Index -produced by Women Equity for Growth- that shows exceptional growth rates and amazing performance.

Our research questions can be summarized as follows: is there a relationship between a firm level commitment to corporate social responsibility and firm growth? What is the meaning of corporate social responsibility for high growth companies led by women in France? What are the engagements of these companies in relation to corporate social responsibility?

The paper first reviews studies concerning women entrepreneurs -and especially those leading high-growth firms- as well as corporate social responsibility, which has different meanings and variables of interest. The second part deals with the data analysis conducted on these high growth companies; looking at high growth through financial indicators. Third, we analyse the web sites of the fifty most successful companies in the 2013 Index in order to find their meanings, philosophy and actions for and/or about corporate social responsibility. Last, we report the results of interviews of the six top companies regarding this topic. These interviews were conducted to determine whether the high growth women entrepreneurs believe there is a relationship between corporate social responsibility and their views on integrating this into their companies and growth.

#### Results and discussion

Our findings show that these entrepreneurs are very conscious about their corporate social responsibility, even if they do not incorporate the commitment into their marketing message. The managerial posture they assume is in line with the "authentic leader" pointed out by Elies et al. (2005) and refers to the end of the heroic leader in favour of a collective authentic leadership. Secondly, they practice more social than environmental corporate social responsibility; and more internal than external corporate social responsibility; and so contribute to increase their own and their teams well-being. We report and discuss our findings.

In future research we will explore these links in more detail, particularly the relationship of entrepreneur and her firm and a commitment to corporate social responsibility and a firm's practices and commitments.

**Keywords** – growth-oriented women entrepreneurs, corporate social responsibility, indicators, sustainability, leadership

**How Twitter affects Irish Entrepreneurs' effectual thinking and behaviour**

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**Key words: Effectuation, Social Media, Twitter, Entrepreneurship, Entrepreneurial Networks**

## **Abstract**

### **Track title: Different Contexts**

#### **Paper title How Twitter affects Entrepreneurs' effectual thinking and behaviour**

#### **Aim of the paper**

This research seeks to provide a better understanding of how social media and in particular Twitter impacts or triggers effectual thinking in Entrepreneurs. It will investigate whether the social interaction on Twitter may lead to a reassessment of means and opportunities, enhanced stakeholder support and access to new resources.

#### **Background literature**

The concept of effectuation was introduced by Sarasvathy (2001). She contrasted causation processes (that take a specific goal as given and identify the means needed to achieve the goal) with effectuation processes (that take a set of means as given and focus on selecting between possible effects that can be created with that set of means). The term effectuation refers to a logic that involves “moulding and enhancing initiatives, formulating new goals and creating new opportunities rather than positioning oneself within environments largely outside one's control or taking opportunities as exogenously given” (Wiltbank et al., 2009, p. 129).. The logic of effectuation has recently received prominence in the entrepreneurship literature with the recognition that effectual approaches can increase entrepreneurial efficacy and reduce the costs of business failure, since failures of effectual firms occur earlier and at lower levels of investment (cf. Read et al., 2009a, Read et al., 2009b, Sarasvathy, 2001 and Wiltbank et al., 2006, Fisher and Reuber, 2011). Sarasvathy (2008), states that entrepreneurs create opportunities by starting with who they are, what they know and whom they know; using their intellectual capital, human capital and social capital. Effectuators very rarely see opportunities as given or outside of their control. For the most part, they work to fabricate, as well as recognize and discover opportunities (Sarasvathy, Dew, Velamuri, & Venkataraman, 2003).

Social interaction plays a central role in effectuation processes and entrepreneurship research shows that networks are one of the elements that affect opportunity recognition, entrepreneurial orientation, and even the decision to become an entrepreneur. The network connections and structure facilitate the flow of information and create the mutual trust and cooperation (Kwanghui and Brain, 2010). They provide access to resources such as information, advice, and legitimacy which can enhance the entrepreneurial outcomes. Prior research indicates that a person's access to networks influences the development of entrepreneurial intention. The reliance on networks is not just relevant in the start-up stage but continues through the careers of successful entrepreneurs.

In the past ten years, social networking technologies has revolutionised the way people collaborate, communicate and network online. Twitter is the leading platform among micro blogging applications that allow the users to create and to consume information in the “tweets”. Fisher and Reuber (2010) have shown that entrepreneurs engaging through Twitter benefited from the use of this medium because it allowed them to acquire more contacts and information, thus enabling them to better achieve a constantly revised set of goals. However, they also found that these interactions may also prove to be unproductive in terms of advancing the effectual process and may result in information overload and may result in a “mixed blessing “for entrepreneurs enacting the effectual process. Entrepreneurs who operate alone or a part of SME are often the sources of new ideas but lack the collective expertise and synergy to develop them commercially. If SMEs can use Twitter to network on a global basis there is potential for triggering effectual thinking which may encourage them to adopt a different approach to problem solving.

## **Methodology**

In this study we have identified a sample of start-up and established entrepreneurs. The sample consists of 20 entrepreneurs, 50% male and 50% female. 30% are at the start-up phase, 40% are established SMEs (Small or Medium Enterprises) and 30% are leading global companies. They are all regular Twitter users.

We have designed a qualitative methodology to enable us to speak with and interact with the entrepreneurs. This helps to capture the intangibles, the tacit knowledge that they take for granted as they develop their careers. The primary source of data collection will be semi structured interviews. The interviews will be recorded and will take place over 4 weeks in February 2014. The interview data will be analysed using an inductive approach as this allows the actual responses to influence the analysis.

## **Results and implications**

Thus, in this study, we hope to contribute to the field by capturing the experiences of entrepreneurs in start-up and in established businesses. We expect to see results in 3 main areas

1. Whether social interaction on Twitter triggers the effectual process and causes the entrepreneur to become aware of, or to reassess who they are, what they know and whom they know, in formulating new goals and creating new opportunities.
2. The results should give an insight into how networks and access to information have led to an expansion of resources or opportunities. It will report on their use of Twitter and their actions as producers and consumers of "Tweets". It will also provide some information on the importance of online networks and whether those networking conversation continue beyond the Twitter platform.
3. It will investigate the factors that moderate the consequences of social interaction on Twitter

It may create an imperative for further research in the specific area of social media adoption behaviours in SMEs and more specifically on how social media usage may impact entrepreneurs and entrepreneurial companies.

# **Exploring Entrepreneurial Marketing within Agribusiness Value Chains**

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Key Words: value chain, entrepreneurial marketing, agribusiness, innovation, scale development

**Track title:** Innovation

**Paper title:** Exploring Entrepreneurial Marketing within Agribusiness Value Chains

### **Aim of the Paper**

The aim of this paper is to explore how entrepreneurial marketing (EM) processes can be applied at an inter-organisational level, in the context of agribusiness value chains. Following a review of the literature at the marketing and entrepreneurship interface, we propose a set of items for the development of a quick audit instrument that can measure the degree to which EM processes are used by value chains in agricultural sectors. This paper reports the findings of stage one of this scale development.

### **Background Literature**

In order to survive and prosper companies must create value for the customers they serve. Acknowledging this, Miles and Darroch (2006) argue that leveraging innovation to create goods and services that generate superior value through EM processes is a path to value creation. EM is considered the nexus between marketing and entrepreneurship, and over the past two decades has become accepted as a recognised approach to marketing, distinct from traditional approaches historically favoured by large firms (Carson & Gilmore 2000; Morris, Schindehutte, & LaForge 2002). During the same period, the widely accepted authority on value chains and value creation, Michael E Porter, wrote:

[companies] remain trapped in an outdated approach to value creation that has emerged over the past few decades. They continue to view value creation narrowly, optimising short-term financial performance in a bubble while missing the most important customer needs and ignoring broader influences that determine their longer term success. (Porter & Kramer 2011, p. 64)

In recent years, theoretical and empirical studies at the entrepreneurship and marketing interface have gained and increasing amount of traction as a stand-alone field of research (Carson & Coviello 1996; Kraus et al. 2012; Jones et al. 2013). However, to date the majority of studies are focused on the EM practices of individual firms, or examined in the context of specific sectors favoured by SME researchers such as retail or high-technology. In the agricultural sector, most firms follow a traditional supply chain model with little vertical market coordination and thus their products, performance and growth is very much determined by market forces out of their control. For example, fresh produce manufacturers tend to be production-oriented; whereby limited attention is given to how value to the end consumer could be enhanced. The dynamics of supply and demand determine price and every organisation in the supply chain acts only in its own interest – growers accept the price and cut costs in an effort to enhance performance; retailers sell what stock they have, and consumers are often left with lack of choice and largely unmet needs. Agricultural economists and marketing scholars have long been very critical of these types of unbranded, uncoordinated and unmanaged supply chains, where market inefficiencies, information asymmetries and inter-firm conflicts diminish value for the producer, the marketer and most importantly the consumer. Increasingly a more innovative and entrepreneurial approach to marketing is needed, which involves ‘the proactive identification and exploitation of opportunities for acquiring and retaining profitable customers through innovative approaches to risk management, resource leveraging and value creation’ (Morris et al. 2002, p. 1).

While, the term EM has been used in various ways (Morris et al. 2002), it has been most frequently associated with marketing activities in firms which are small and resource constrained, which rely on their ability to be creative and innovative to survive. However, in today’s uncertain global environment, firms of all types and business arrangements need to apply market orientation (MO) and innovative strategies in order to create value and obtain competitive advantage. Key characteristics of EM are that firms ‘embrace innovation and customer engagement, and relationships’ (Jones & Rowley 2011, p. 27). Although there has been some work on market orientation or co-innovation in a multi-firm setting (see, for example Bonney et al. 2007; Kühne & Gellynck 2010), interestingly, EM has yet to be widely studied in the context of marketing channels, vertical marketing systems or supply chains. To our knowledge, no studies have examined to what extent EM techniques and processes can be applied to a value chain. This paper is part of an ongoing research project looking to address this gap in the literature. By doing so we contribute to the growing body of literature at the marketing/entrepreneurship interface, and answer prior calls to conduct EM research with different types of firms and in different industry contexts (Hansen & Eggers 2010).

### **Methodology**

As part of a broader study on agricultural value chain innovation and management, a multi-item scale was incorporated into a larger questionnaire, administered to 49 farming businesses located in a small rural region of Australia. Of this amount 41 surveys were returned and deemed valid for data analysis, for a response rate of 83.7%. The remaining 8 surveys were excluded from the analysis because they were incomplete and missing key data.

For each item, participants were asked to rate their performance against competition, using a five-point Likert scale ranging from 'perform much worse than competition' to 'perform much better than competition'. Items were adapted from existing EM, MO and innovation scales in the literature (e.g. Gellynck & Kühne 2011) and included statements such as: 'we regularly meet with our immediate customers to better understand their needs'; 'we share the risks and rewards of innovation with other businesses according to our contribution to creating consumer value' and 'to be effective and efficient in our value chain it is important for firms to improve the packaging, quality or convenience of our products'. In order to test the internal consistency reliability of the preliminary scale, Cronbach's alpha score was measured and factor analysis was performed. The results of our preliminary analysis are presented below. We recognise the limitations that stem from a very small sample size and specific location. Stage two of this study will involve testing the EM instrument with a larger sample of agribusiness firms located around Australia, to enable further empirical analysis and refinement.

## Results and Implications

Stage one of scale development involved compiling a set of items that would measure the EM performance of agribusiness value chains, relative to competition. The items were grouped along the following dimensions: market orientation and customer focus; strategic processes; and strategic alignment. Cronbach's Alpha test revealed a reliability score of .93, which was well above the recommended minimum level of .70 as per Nunnally (1967). All 20 items were then factor analysed using principal component analysis. Exploratory factor analysis was performed with the purpose of checking the validity of the preliminary EM scale. When the items were entered into the PCA, the result was one principal component explaining 44 % of variance. However, this was a preliminary analysis done without meeting the convention that the sample size be 10 times the number of items for meaningful analysis (Nunnally 1967).

The next stage of our scale development will be to test this scale with a larger sample and obtain some measure of agri-firm performance. In future, we hope agribusinesses can use our 20-item quick audit scale within their value chain, to measure EM capabilities and processes. Depending on the results, businesses will be able to determine if they should maintain their strengths in the core areas of EM, or where they should build capabilities. We recognise that innovation, market orientation and a customer focus may be more important in some value chains more than others. For example, agricultural industries threatened by issues of climate change, competition from imported goods, or changing consumer preferences, would benefit from adopting an EM orientation and innovative approach within and across their chains.

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Track Title: Sustainability

**Entrepreneurs and SME at Lake Chapala:  
Sustainable development through rural tourism**

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Key Words: Microenterprise, rural tourism, sustainable development

## **Aim of the paper**

The objective of the study is to identify the characteristics of the microenterprise and their entrepreneurial projects in some communities At Lake Chapala region, Mexico, as a basis to generate proposals that integrate a sustainable development project through rural tourism in this region. Focus on to know the profile of the entrepreneurs, theirs reasons to work, the conditions under which they are placed, and the kind of support they need.

## **Background literature**

Mexico is one of worldwide attractive tourist destinations. The Jalisco State is one of the most prominent being the generator Mexican iconic symbols such as Tequila, Mariachi music and The Charros. Among its natural attractions is the Lake Chapala, located to 45 minutes from Guadalajara City, capital of this State. In the lakeside are placed the municipalities Jamay, Ocotlan, Poncitlán, Chapala, Jocotepec, Tuxcueca and Tizapán, where is concentrated the main flow of visitors in the Chapala Lake region. One peculiarity of this region is that the origins of these communities are indigenous and due to their size, activity and location are considered rural.

A Jalisco government policy is to promote sustainable development of tourism in the region through tourism activities and services according to the market requirements and the people expectations, establishing strategies, actions and investments short, medium and long term, contributing to the implementation of integrated tourism projects and the sustainable regional development.

The population in rural communities is from 500 to 2500 residents, having low education levels, inequality in productivity, low income, and dependence on national and international remittances, poor and low quality infrastructure as well. They live in poverty and right now their income does not come from agricultural activity, which has been changed by other activities, including tourism, reducing the extreme poverty by 9.7%, supporting mainly for the tourism.

Tourism is then presented as a tool to fight poverty in rural areas. Rural tourism should be seen as a sustainable tourism, and related entirely consistent with the concept of "sustainable regional development", which is defined as "the process that seeks to achieve a balance between the exploitation of natural resources (environmental sustainability), the economic growth (economic sustainability) and social equity (social sustainability), based on subnational spaces actions"

The World Commission on Environment and Development (WCED) defines sustainable development as "*to ensure that it meets the needs of the present without compromising the ability of future generations to meet their own needs*"

The Microenterprise is a small business that is established in a community, operated with family labor, which provides goods or services required by a technology. Have up to 10 employees and annual sales are up to 4 million Mexican pesos. The official statistics show that Microenterprise are critical to the economic development of the Mexico, due to they contribute to generate the 50.8% of the employment, represented the 87% of the all enterprises in Mexico, and contribute with the 40% of the National GDP.

## **Methodology**

This research is exploratory, descriptive and seeks information that provides an overview of the regional microenterprises and their entrepreneur's situation. Using the interview as a technique for data collection through to apply a semi-structured questionnaire of 70 questions, divided into nine categories: a) general data; b) the firm; c) project reasons; d) product features; e) price; f) commercialization; g) advertising; h) competence; and i) required support.

The study was cross sectional, the interviews were conducted in one intervention in different periods of time: San Cristóbal Zapotitlán (municipality of Jocotepec) in January 2011; Mezcala (municipality of Poncitlán) in December 2012; Jocotepec (municipality of Jocotepec) in March 2013; Jamay (municipality of Jamay) in June 2013; and San Luis Soyatlán (municipality of Tuxcueca) in October 2013. The interviews were supported by under degree students from Marketing and Management and Advertising programs.

To determine the sample size, we have considered the number of people and the amount of enterprises registered in the official databases (INEGI).

The sampling was the denominated Not Probabilistic, using the technique of "Snowball". 130 interviews were done, obtaining a confidence level of 93% and a sampling error of 5%. The Excel program was used for data capture and analysis.

## **Results and Implications**

The research figure shows that it is a population with a low educational level, who has left primary activities such as agriculture and fisheries, to engage in to the sales products. Their incomes are less than \$10,000.00 Mexican pesos per month (us\$750.00). Respondents want to start a project to increase their income, improve their quality of life and create new jobs and prevent the migration. Regarding the type of support they require is to finance to invest in inventory, raw material, machinery, infrastructure, training, etc.

Most respondents plan to work in food sale at local market. But they do not know what the sustainable development project that the government wants to implement. The main objective of the entrepreneurs is to solve their precarious economic situation.

Therefore, the suggestion is to begin work with the most viable projects based the experience and knowledge of their leaders, funneling with the government programs that can support them with funding and provide a good following. To the younger entrepreneurs they can gradually incorporate the project given alternatives focus at sustainable tourism business, supported by public or private institutions to achieve the realization and implementation of a business plan.

The communities around Lake Chapala require prompt intervention to ensure their integration into the project. Due to they are underserved communities, with lacks, mainly economic, so men tend to look for job opportunities in other cities or abroad, leaving women in charge of the home and family. That is a reason why some of the microenterprises are led by women. This may be a factor to consider and promote a family business model in which the mother and the children involved.

From these results, it aims to develop a integrated project to help generate welfare and wealth in the community on a sustainable approach.

## Investing in China: How can SME survive?

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**Key words:** SME, China, investment stages, Taiwan factory, production

**Track title:** Small Business Management

**Paper title:** Investing in China: How can SME survive?

### **Aim of the paper:**

This paper reports a four-stage 20-year journey of a small Taiwanese company investing in China. This small company has gone through the stages of thriving, leveling, closing and then re-rising in China. The experience of this investment may shed some lights for SMEs in other countries that plan to invest in China.

### **Background literature:**

Over the last decade, China was named the “world factory” due to its cheap labor and mass production capabilities. With its rapid economic development and continuously rising wages, China’s manufacturing environment is no longer the clear favorite. This is especially true for the resource-constrained small and medium enterprises (SMEs). Although many multiple national corporations continue to expand their business in China, quite a lot of foreign SMEs were forced to withdraw from the market for various reasons.

### **Methodology:**

The case study method was adopted for this study. The second author is a family member of the case company. Data were collected by interviewing one of the three founders and the son of a founder.

### **Research results:**

### *Case company brief history –*

S company was established in 1977 in Taiwan, manufacturing wooden housewares, including chop boards, knife racks, wine racks and other kitchen wares. In the early 1990s, labor costs in Taiwan had risen to a level which made S company uncompetitive in the global market. At that time, the best way out was to move its production operation to China, because of the geographical proximity and language convenience. In 1991, it set up a joint-venture with one Shanghai factory. Business boomed ever since and employee number increased from the initial 250 to 500 at hay days. With several years' experience in China making good profits, S company decided to discontinue the joint-venture and establish a 100% owned factory in Shanghai in 1996.

### *The four-stage development in China –*

#### Thriving:

After withering in Taiwan with total employee number reduced from 150 (1977) to 50 (1990), S company began to thrive when it moved its production to China in 1991. It benefited from having a partner in China at its initial investment, with employee numbers of 250. Although Taiwanese and Chinese people speak the same language – Mandarin, the business mentality and working behaviors are different. Therefore, it was good to learn the ropes of doing business in China and acquire local market information through a joint venture. With S company's expertise in wooden kitchen wares and the local network of its Shanghai partner, the business prospered and the employee numbers gradually increased to around 500. After a five year alliance, S company decided to have a 100% owned factory in Shanghai and discontinued the partnership with the local company in 1996. It also purchased a factory facility in Pu-Dong area and moved into that new facility in 2001.

#### Leveling:

In 2000, S company started to develop bamboo kitchen wares in response to increasingly environmentally conscious customers, which resulted in the rise of material costs. Although business was good in this new line of products, conditions in China for Taiwanese investors became more and more unfavorable over the years. The main reasons include the fact that export tax reimbursement was reduced from 8% to 5% and monthly minimum salary was increased from 190 RMB in 1995 to around 800 RMB in 2001, not to mention the by-law which required heavy insurance of 500 RMB per person per month. For S company, an additional worry was the future government acquirement of the land where S company built its factory, because it was in a good area only 30 minutes to Shanghai downtown. In China, all the land belongs to the Chinese government. For every building, citizens loan the land from the government. Whenever necessary, Chinese government can acquire any piece of land for other purposes. From the early two thousands, with reducing tax incentives and rising

operational cost, business in S company Shanghai factory leveled.

#### Closing:

With the above stated awareness, the top management team of S company realized that closing the Shanghai factory was only a matter of time. They knew that they had to prepare for that day, especially for how to layoff around 500 employees smoothly. In 2009, S company was able to peacefully shut down the factory in Shanghai. The measures they took include a hiring freeze from 2001, which meant that employees exit without replacement. They outsourced part of the production to make up for the labor shortage. By 2009, the employee number was reduced to only 150. Before their official shut down, they dispatched the remaining 150 employees in three batches, 20, 60 and 70, respectively. The severance pay was much more generous than Chinese legal requirement. Therefore, the process went without employee protest. In total, it took S company about eight years to close down the Shanghai investment.

#### Re-rising:

When S company considered closing down its Shanghai factory, they knew they need to have another base in China. Fu-Chian was an ideal province, as it is closer to Taiwan and the wages were much lower than that in Shanghai. In the end, S company did not build their own factory in Fu-Chian. Instead, they partnered with two local factories for production. Consequently, S company still has presence in China, capitalizing on the resources in China with reduced investment risk.

#### **Implications:**

Nowadays, SMEs in major countries are expanding their business in other countries. With limited resources, they have to be very cautious not to be caught in the local political strife, economic turmoil, currency fluctuation or administrative system changes that frequently happened in China during the last two decades.

When SMEs plan to have a business in China, they need to be aware of the risks as well. The initial favorable investment conditions are likely to become unfavorable over the years. This paper reports a four-stage development over 20 years of investment in China. Such experience is valuable for companies that would like to enter into the Chinese market.

# **ARE FAR AWAY FIELDS ALWAYS GREENER? ECOPRENEURIAL FIRMS AND INTERNATIONALISATION**

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Key words: Ecopreneurship, growth, internationalisation

## **Track Title: Sustainability**

### **Paper Title: Are far away fields always green? Ecopreneurial firms and internationalisation**

#### **Aim of the paper**

From the early 1990's terms including environmental entrepreneur, green entrepreneur, ecological entrepreneur and various derivatives, such as the term favoured for this enquiry ecopreneur (Isaak, 1997 p. 85) came to the fore (Bennett, 1991; Berle, 1991; Blue, 1990). Ecopreneurs are individuals who believe that environmental products and services can create synergies between both business opportunity and environmental responsibility and sustainability. Notwithstanding, sustainability oriented publications including those focusing on ecopreneurship within mainstream entrepreneurship journals have been scarce (Schaper, 2009; Hall, Daneke and Lenox, 2010), this is a surprising lacuna given the policy emphasis on sustainable business practices. While some may view ecopreneurship as a panacea for moving towards a greener society, there are major gaps in scholarly understanding. Whilst a body of work is emerging, and ecopreneurs may be viewed as innovators and change agents (Gibbs, 2009), there is an almost unwritten premise that such firms are local in their market orientation. Undoubtedly internationalisation is in itself an innovative act, therefore the novel aim of this paper is to bring together the ecopreneurship and small firm internationalisation literatures, and explore the growth trajectories of a cross national sample of small ecopreneurial firms. In short we explore are they domestic, international, or do many trajectories exist? Consequently, we aim to unpick the rich tapestry of ecopreneurial growth (internationalisation) trajectories.

#### **Background literature**

Consumers have become increasingly aware of environmental issues such as climate change, global warming, unrenowable energy/fossil fuel, soil degradation, pollution, and waste-management. This increasing awareness is facilitated by media coverage (Beveridge

& Guy, 2005), and regulatory, economic and policy instruments developed by governments across the world. Environmentalism is no longer seen as an alternative philosophy, rather as Kasriel-Alexander (2014) comments consumers are increasingly interested in a greener lifestyle, and green products/services are becoming more sophisticated and mainstream. Clearly ecopreneurs are responding, and innovative business solutions should not only improve our environment, but also allow for the emergence of new and often niche (eco) business opportunities (Volery, 2002). Indeed, ecopreneurs may be considered as change agents and drivers of environmental innovation (Anderson, 1998; Keogh and Polonsky, 1998; Pastakia, 1998; Walley & Taylor, 2002; Beveridge & Guy, 2005; Gibbs, 2007). This, when coupled with the aforementioned increased environmental policy focus (Hall, Daneke and Lenox, 2010), means that it is an imperative that we better understand how and why ecopreneurs form and grow ecopreneurial firms. As these authors further comment (pg 440) we urgently need to understand the extent to which, “...sustainability-oriented entrepreneurs differ from traditional entrepreneurs”

There is a small but growing body of literature on the subject, but ecopreneurship remains under-researched, and lacks empirical evidence (Schaper, 2002; Gibbs, 2006; Cohen & Winn, 2007; Kainrath, 2009; Thompson & Scott, 2010). Furthermore Kirkwood & Walton (2010) call for urgent investigation into what motivates ecopreneurs and how their green principles impact upon firm development. One shortcoming of the extant body of literature is that few studies have seen fit to examine the growth trajectories of ecopreneurial firms, and if we accept that such firms are often offering innovative products and services, then in common with other growth oriented firms, for example international new ventures (Oviatt & Mc Dougall, 1994) there is the possibility of both domestic and international growth. Therefore this enquiry adds to the debate and the emergent literature on ecopreneurship, by investigating the (internationalisation) growth trajectories of a cross-national sample of ecopreneurial SMEs, as well as the motivations and barriers for such firms. Specifically the following research issue is explored: How and why do ecopreneurs grow their business (markets, patterns & pace of growth)

### **Methodology**

As this field is relatively underdeveloped, we adopted a chiefly qualitative approach for this exploratory scoping study. The focal firms are small, often microenterprises, who have both an environmental focus, and who may be classified as either green - converted to an eco focus or green-green – born green, in line with Isaak's (2002) typology, who have undertaken various growth trajectories, including international growth. In order to control for differing institutional environments, we undertook a cross-national comparative study, investigating firms from the UK, Ireland and New Zealand. In all, thirty three shallow case studies were developed from secondary sources, followed by e-mail follow up to complete any gaps, an approach used by Loane *et al.*, (2006) to gain rich data. Thereafter we explored emergent themes through in-depth interviews with a subset of eight ecopreneurs. Descriptive statistics were raised and thematic content analysis undertaken in order to identify the growth trajectories.

### **Results and Implications**

In the full paper we report our findings, on the motivations/incentives and barriers, as well as the (international) growth trajectories, market spread and patterns and pace of (international) growth for these ecopreneurial firms. This paper presents novel findings in the under explored area of ecopreneurship and small firm ecopreneurial growth trajectories. Indeed, a unique contribution is that we find evidence that many small ecopreneurial firms have the capacity to grow and to serve international markets, a fact heretofore neglected in the extant literature. However, we also find that there are others with the potential to internationalise who remain local. In response to the differing trajectories identified we present a typology of ecopreneurial international market orientation, draw conclusions and comment upon implications for those engaged in managing ecopreneurial firms with international potential and for the policy in support of such firms. We conclude by delineating the limitations of this enquiry and provide suggested avenues for future research effort.

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# **From a Social Welfare NGO to a Sustainable Social Enterprise: Case Studies in South Africa and USA**

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Social entrepreneurship; Social Enterprise; Social Welfare; Non-Profit-Sector; Future Families; Parent  
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## **Abstract**

**Track Title:** Different Contexts

**Paper Title:** From a social welfare NGO to a sustainable social enterprise: Case studies in South Africa and USA

**Aim of the Paper:** To explore how social welfare-based NGOs can make a shift through social entrepreneurship to become sustainable social enterprises

## **Background Literature**

Finance and the economy jointly dictate a hugely unequal world (George, 2010:1). Inequality is about people not having equal access to the goods and services provided by their economies as their incomes are vastly unequal (Isbister, 2001). Therefore, many people are excluded from the economy and turn to the social welfare NGO sector for sustainable livelihoods. Sachs (2010) asserts that the NGO sector has almost no financing available and survives from meagre contributions. Mbeki (2009) argues that citizens need institutions and leaders who ensure that these institutions function and deliver on expectations. This is in alignment with people's right to socio-economic development which are naturally related to notions of citizenship, participation and power (Green, 2012). Social entrepreneurship provides an avenue to engage communities in their own development towards economic freedom (Lombard & Strydom, 2011). Botha (2009:43) states that business entrepreneurs see value in the creation of new markets, while social entrepreneurs find value in the "form of transformational change that will benefit disadvantaged communities and ultimately society at large". The social welfare NGOs, Future Families in South Africa and Parent Universe in the USA have embarked on social entrepreneurship to promote sustainable social change and development. Social Entrepreneurship is about social wealth creation, but "does not preclude the creation of economic value in the form of income" (Herrington, Kew & Kew, 2010).

South Africa is a highly unequal country, which is reflected in extreme inequalities in income and access to opportunity, unemployment and poverty (RSA, 2011). Using the national poverty line of \$43 per month (in current prices), 47 percent of South Africans remains poor (Bhorat, 2013). The challenges that South Africa faces are largely defined by South Africa's significant welfare challenges (Bhorat, 2013). The South African government's key anti-poverty strategy is social grants of which around 15 million of the total population of 52.98 million benefit from. However, without a direct link with economic activity beneficiaries remain trapped in poverty. Resource limitations have moved the nonprofit-sector to explore initiatives such as social entrepreneurship towards sustainable livelihoods and well-being of people who are poor and vulnerable.

Many vulnerable populations and communities in the United States are still struggling since the 2008 financial crisis and the ensuing Great Recession (Germak, 2013). Fortunately, the social welfare landscape is well-developed in the U.S. For example, the U.S. nonprofit sector has proliferated over the last century to some 1.6 million organizations of which roughly 500,000 are concerned with direct delivery of human services (National Center for Charitable Statistics, 2010). In addition, the nonprofit sector, broadly speaking, is currently responsible for employing some 10% of the US labor force and 14% of the total service sector workforce (Worth, 2012). Still, over 80 percent of human service organisations reported in 2013 an increased demand for services while less than 50 percent of these organisations had the capacity to meet increased demand due to budget and other constraints (Nonprofit Finance Fund, 2013). This business environment has led to the development of much enterprising behavior within U.S. social welfare organisations.

## **Methodology**

The study was qualitative and used the multiple case study design (Yin, 2003) to develop new knowledge, which may inform policy development (Fouché & Schurink, 2011). The analysis was based on a comprehensive literature study to identify the known criteria and drivers of social entrepreneurship which were used to benchmark the shift. The findings of the benchmarking of the respective case studies were compared in order to determine the similarities and differences of NGOs in different regions of the world in shifting the social welfare sector towards a sustainable social enterprise.

## **Results and Implications**

Results indicate that social welfare-based NGOs can make a shift to a social entrepreneurship focus where community projects are based on entrepreneurial principles and practices that benefit individuals and the broader community. This shift is embedded in strategies to become sustainable and which influence the sustainability of the total NGO. The comparison of the case studies in South Africa, a developing country, and the USA, a developed country, pointed to specific similarities and differences highlighted in relation to context

specific development. The findings also suggest that there remains a need for capacity building, education, and training for both social entrepreneurs and the organisations in which they operate; enterprise skills were not immediately prevalent and this presented some challenges for these organisations in becoming more entrepreneurial. Nonetheless, the implications of the study are that the dependency syndrome of NGOs exclusively on external funding can be broken and that a shift towards sustainability can be achieved through social entrepreneurship.

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## **Sustainable Enterprise and National Culture: Value Co-creation Perspective**

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**Keywords** - sustainable enterprise, culture, competitiveness, business models

## Abstract

### Track Title – Sustainability

### Paper Title – Sustainable Enterprise and National Culture: Value Co-creation Perspective

#### Aim of the paper

Sustainable enterprises are important for human survival and development. This article aims to provide link between enterprise sustainability from one hand and place, nation and its culture from other hand, arguing that cultural grounding of a business enterprise model fosters ecological and social sustainability dimension by co-creating value

#### Background Literature

Widely accepted definition of sustainable development is *“meeting the needs of the present without compromising the ability of future generations to meet their needs”* ((WCED,1987). Scholars usually recognize interdependencies between the natural environmental, human social welfare, and economic activity, and the need to establish and maintain a dynamic balance between the three elements (Belz and Binder, 2013). Term social is usually associate with culture and no doubt that culture is essential part of any society. Many researchers have emphasised strong cultural foundations of economic transactions, and thus cultures and identities play an important role in the globalised economy.

Shrivasaava and Kennelly (2013) define sustainable enterprises as *“mindful of the challenges of global sustainable development and making efforts to minimize their ecological and social impacts while maintaining good financial performance”*.

However, for successful and sustainable enterprise, is it possible only to minimize social and ecological impact? Probably it is possible to recreate socio-cultural wealth with sustainable entrepreneurial efforts? From deeper exploration of elements of culture and its constructs such possibilities seem feasible, however, the question How remains. This is where theories of stakeholder management, business competitiveness, and business models can help.

Thus business model can be considered as a way or method helping to create competitive advantage. A definition of a business model as *“an abstract representation of some aspect of a firm’s strategy; it outlines the essential details one needs to know to understand how a firm can successfully deliver value to its customers”* (Seddon and Lewis, 2003) conclude that business models are like patterns in architecture and software engineering, as successful solutions to some way in which firms create value.

The only potential source of business competitiveness locally and internationally lies in innovativeness, knowledge and skills, hence, national culture, as such potential source, should not be neglected in contemporary strategic management theory and practice (Ludviga and Chirjevskis, 2010).

Fastest growing and most successful Latvian firms appear to understand the importance of sustainability and have taken advantage of environmental changes by developing novel business models to enhance competitiveness and contribute to enterprise sustainability. The questions *“What kind of processes have some of the most successful firms had?”* are of high importance for entrepreneurs and are addressed in this research.

#### Methodology

Theoretical part includes an extensive literature review on three pillars (economic, social and environmental) of sustainability arguing that culture is essential part of both, social and environmental perspective, as well as contributing to economic perspective. Empirical part of the article presents an explorative investigation which employs multiple case study design for development of theoretical propositions.

This research uses successful Latvian small and medium-sized enterprises for analysis. Six cases were purposely selected on the bases of empirical evidence of firms` sustainability efforts and close links with local culture. The

cases represent local companies however are from different, still all culture-bound industries, including food, cosmetics and textile, thus allowing analytical induction and generalization to particular extent.

## **Results and Implications**

It is argued that national culture can serve as place-based resource and natural capital thus perfectly fits in social and environmental category of sustainability. Based on empirical data a process model of sustainable business model development for raising competitiveness is proposed. It includes culture as resource leading to the value – co-creation with customers as well as locality, society and nation.

Culture play an essential role in the process of enriching a country's brand image, it plays a role of communicator of a country's true spirit and essence. The easiest way to promote country's brand or identity is through products carrying this identity. State, society and business community is inseparable. Country's brand helps companies to find export markets and vice versa, successful products with cultural characteristics promote county, thus the value is sustained and co-created.

Companies successfully exploiting culture grounded resources will contribute to sustainability by helping to solve the intangible heritage safeguarding problem globally. Thus the cultures will be living and developed naturally without intervention of specific organisations and the world cultural diversity will be maintained and even recreated.

Originality is linked to the context in which sustainability pillars are explored and links to culture grounded business models. The findings have implications for local entrepreneurs and especially owners and managers of SMEs, researchers as well as policy-makers.



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ENTREPRENEURSHIP



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**“I thought I couldn’t...I now think I can<sup>1</sup>”**

**Handipreneurs<sup>2</sup> Alertness & Self-determination**

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**Key Words: Handipreneurs, Self-determination, alertness, self-employment, qualitative**

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<sup>1</sup> Adapted from : Koellinger, P., Minniti, M., Schade, C. 2007. “I think I can, I think I can”: Overconfidence and entrepreneurial behavior. Journal of Economic Psychology 28(4): 502-527.

<sup>2</sup> “Handipreneur” is the contraction of handicap (disability in French), and entrepreneur.

Track Title: Minority

## “I thought I couldn’t...I now think I can<sup>3</sup>” Handipreneurs<sup>4</sup> Alertness & Self-determination

### Aim of the Paper

Our research is based on works with regard to the opportunity discovery and how disabled people pursue entrepreneurial opportunities, notably within the settings of self-determination. More precisely we have focused on understanding how much the self-determination of disabled people affect their alertness and their ability to detect good business opportunities.

### Background Literature

Perception of disabled people has changed across time and societies (Stiker, 1997; Veivard, 2010). This evolution is similar to an evolution of the market and of the environment, for instance the evolution of the perceptions by actual agents/actors/creators of economical and social added values. However, people suffering from a disability are discriminated against on the job market (Barnes et Mercer, 2005). Hence a few head for securing their own job for lack of finding one. Pagán (2008) highlights that “people with disabilities were more likely to be self-employed than people without disabilities” and adds, “disabled people may use self-employment to achieve a better balance between disability status and working life” (Pagán, 2008). De Clerq and Honig (2011) underlines the importance of entrepreneurship as an integration tool for minorities and especially “in helping disadvantaged people in society to break away from their unprivileged positions, and particularly as a solution to unemployment or discrimination in the labor market (Glazer & Moynihan 1970; Fairlie 2005) or a tool for the social inclusion of minority groups (Fairlie & Meyer 1996; Mata & Pendakur 1999; Anderson, Honig, & Peredo 2006; Anderson, Dana, & Dana 2006; Pavey 2006)”. These handipreneurs evolve in a complex environment and are subject to internal pressures as well as external pressures mainly linked to their abilities (handicap). Therefore, it seems important to them to brave obstacles and face stakeholders’ discriminations. To do so, disabled people have to mobilize different skills in order to remain prime manager of their entrepreneurial project, and escape from any unwarranted external influence. In other words, they must self-determine themselves. Nirje in (1972) is one of the first to have drawn closer the concept of self-determination to people in a situation of handicap in a text entitled « The right to self-determination ». He positions self-determination as an undisputable right for any person in a situation of disability. The different research works carried out on the self-determination of disabled people mainly lay on two theoretical settings. On one hand, Wehemeyer (1996; 2003) offered a functional theory of self-determination. This theory locates the emergence of a self-determined behaviour at the intersection of three major factors: (1) Personal abilities, which are themselves determined by self-development and learning situations; (2) Opportunities given by the environment and life experiences; (3) the different types of support that a person receives. On the other hand, Abery and Stancliffe (2003) have proposed an ecological theory of self-determination. From their point of view, self-determination is defined as an exercise of a high control level on important situations for oneself. For these authors, self-determination is the result of constant interactions between an individual’s acumen, attitudes, beliefs and knowledge, and the different environments in which he/she evolves throughout his/her life. These two theories led to the formulation of a socio-ecological approach of the development of self-determination (Walker, Calkins, Wehmeyer, Walker, Bacon, Palmer and al. (2011). This approach takes into consideration a set of factors specific to the person and to the different eco-systemic levels that influence the development of self-determination. This approach also recognizes the impact of social efficiency, of social capital and of social inclusion on a person’s self-determination. By exploring this self-determination, we can realize that handipreneurs have at their disposal acumens, beliefs and abilities to detect opportunities linked to the singular environment in which they evolve as underlined by Wehemeyer’s work (1996; 2003). Their reading of the environment is different from people without handicaps and their ability to detect business opportunities mainly linked to their handicap is different. This observation is based on the asymmetry of information on the market (Minniti (2004) as handipreneurs obviously have at their disposal information that non-handicapped people don’t have. This is in this sense that Casson (1982) argues that the essence of entrepreneurship is about having a different perspective on the environment and all entrepreneurs face judgmental decision-making, which comforts our reading of the handipreneurial phenomenon and of the handipreneurs’ alertness when facing the environment in which they evolve. For that matter, to better understand this ability and to detect business opportunities, it is important to rest on the theory of entrepreneurial behaviour developed by Israel

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<sup>3</sup> Adapted from : Koellinger, P., Minniti, M., Schade, C. 2007. “I think I can, I think I can”: Overconfidence and entrepreneurial behavior. *Journal of Economic Psychology* 28(4): 502-527.

<sup>4</sup> “Handipreneur” is the contraction of handicap (disability in French), and entrepreneur.

Krizner (1973, 1979, 1980, 1985). He defines the entrepreneurial alertness as the capacity of “knowing where to look for knowledge” and adds “only if opportunities are not immediately known can there arise a special role for alertness to new opportunities.” To discover the “attractive opportunity” this highlights the central role of knowledge and the existence of asymmetry in knowledge and the ability to stress or combine the right resources to gain the knowledge. Views on alertness have evolved since these first works. Various studies (Kaish & Gilad (1991); Busenitz (1996)) building on Krizner present the entrepreneur as an opportunity seeker in the sense that the “entrepreneurial alertness” allows him to become aware of new opportunities. In reality indeed, information always tends to be asymmetrical which is the way handpreneurs read their environment. Tang and al (2012) sum up the progress and developments in the views of alertness. In contrast to this single schema Valliere (2013) building on Gaglio and Katz (2001) highlight different levels of patterns related to alertness: Schematic richness, Schematic association and Schematic priming. In this sense and in the light of the readings, it seems that handpreneurs are considered like self-determined agents according to Minniti (2004) alert agents « have the ability to “recognize opportunities and transform them into value-producing activities ». The entrepreneurial gain is linked to the entrepreneurial judgment and information asymmetry, where alertness is at the centre of the process. Thus the handpreneur fits into a pattern in which their alertness would come from a triptych linking their self-determination, their environment and their learning skills. Moreover, it is then possible that a high level of entrepreneurial alertness in disabled people is connected to a high level of self-determination, and a high level of recognizing opportunities (environment) that come to them and an important ability to learn. This would involve a higher perception of control on one’s life. From there, we can draw the connections between self-determination, its different components and handpreneurs’ entrepreneurial alertness.

### **Methodology**

Our sample consists of 20 Handpreneurs, some with their first business creation project, others with past experience. The interviewees were contacted by email and telephone in order to present the purpose of the study. The interviews were collected in 480 pages of discussions. We have realized an analysis of the content following the thematic from “Creswell (1998), the richness of a qualitative research process is generated by the attempt to create a profile of complex phenomena, analyze words, provide a detailed account of the vision of the informants and conduct a study within the framework of a set of lived experiences”. A similar rationale has been adopted by Trefalt (2013) in (Glaser & Strauss, 1967). Finally, when conducting the interviews, we have followed recommendations from Strauss and Corbin (1998) by linking different concepts to our field of research. In the process, it is interesting to map the results to the emergence of new variables to the theory such as Glaser (1978) or Corbin & Strauss (1990). The methodology design is close to Aliseda’s recommendations (2006, p28). Abductive (Birkinshaw, 2014) qualitative research and Grounded Theory leads us to explore these populations.

### **Results and Implications**

Many Handpreneurs have developed a project related to the world of disabled people. This observation corroborates De Clercq and Honig (2011) who state: ‘disadvantaged persons have unique characteristics, they may engage in unique entrepreneurial actions’. It seems conceivable that these people have developed specific schemes enabling them to look at the world differently, and to exploit business opportunities, which would have totally escaped the attention of other players in the economic landscape. By the same token, Minniti (2004) states that alertness produces discoveries and drawing an interesting parallel with Hayek, she underlines that this process doesn’t come “out of the blue”. This remark follows our observations for the field of *handpreneurship*, we argue that this is an iterative process with the self-determination. More precisely, in Wehemeyer’s self-determination functional theory (1996; 2003) the abilities and opportunities are both influenced by the person’s perceptions and beliefs and those of his/her surroundings. We propose an adaptation of his model to the specific case of handpreneurship by integrating alertness at the centre of this process. We argue that prior knowledge, passions and interests, are common for all entrepreneurs. However since their childhood or since a particular moment in their life, Handpreneurs have learnt new cognitive patterns with new perceptions and new knowledge specific to their disability. Also disability goes along with needs for self-achievement and social inclusion that can lead to a special passion as a personal challenge or a symbolic action toward disability. Moreover, it is proven that handpreneurs animated with connected Push motivations are influenced by their context and their perception of the handicap. The development of a particular alertness to disability takes place by the activation of new patterns linked to disability and prior knowledge. At last, we have discovered that it will be of interest to understand how handpreneurs exploit and explore simultaneously opportunities via an individual entrepreneurial ambidexterity.

## **The Influence of Anxiety towards the future and Gender on Entrepreneurial Intention**

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**Key Words: Anxiety, gender, intention, young, Tunisia, quantitative**

## The Influence of Anxiety towards the future and Gender on Entrepreneurial Intention

### Aim of the Paper

This paper proposes a model on the impact of anxiety towards the future and gender on entrepreneurial intention among the young population. This model is based on a quantitative research which has been conducted on 1 800 young people in Tunisia in 2012. For that purpose, this study is based on the use of an original concept in entrepreneurial research – the concept of anxiety towards the future –. For that matter, we used an innovative research method based on Preacher and Hayes (2004) for estimating indirect effects in mediation models and PROCESS (A versatile computational tool for observed variable mediation Hayes, 2012).

### Background Literature

Anxiety about the future is the result of a cognitivist process that leads to pessimistic behaviour (Epstein, 1972; Hamilton, 1975; Bandura, 1991; Eysenck, 1992; Zaleski, 1997; Urien, 2000). Anxiety linked to the future is defined in some conceptual and empiric works as being a temporal dimension (Zaleski 1993, 1996), meaning that, grounded in a timeslot more or less important according to the situation, but also as being a personal feature (i.e. negative emotional state in relation to thinking (Zaleski, 1997)), that can affect the individual (Urien 2000). Too, Lens (1993) describes it as the future prospect being the person's characteristic (Urien, 2000). For that matter, Zaleski (1996) explains that anxiety towards the future is perceived as a cognitive process, vision that remains corroborated by Epstein's work (1972), Hamilton (1975), Bandura (1991) and Eysenck (1992). This anxiety can be translated by a reaction of avoidance and/or rejection that can take on many shapes and modalities (pessimism towards possible predictions (overt-covert anxiety (Xattel 1996) ; manifest Anxiety. (Taylor, 1953), trait anxiety Spielberger and al, (1971) or future behaviour (Chlewinski, 1994). We find here the idea of the theory of environmental psychology cited *supra*. Despite this growing anxiety, youngsters show a part of optimism by proposing different strategies and this to avoid sinking into prevailing defeatism. To face this, youngsters (18-30 y. old) try to absolve themselves by means of creating their own company. It's by answering this kind of problematic that research in entrepreneurship keep evolving and exploring entrepreneurs' behaviour in complex socio-economic contexts. This investigations are realized ex-post and also ex-ante of the entrepreneurial act itself. And this is why the study of entrepreneurial intention has sparked off researchers' questioning for decades (Bird, 1988 ; Krueger et Carsrud, 1993 ; Brazeal, 1994 ; Davidsson, 1995 ; Audet, 2004 ; Thompson, 2009). Many studies have been realized on different categories of individuals (Kolvereid, 1996 ; Autio and Al, 1997 ; Krueger, Reilly and Carsrud, 2000 ; van Gelderen and al., 2008, Linan and Chen, 2009 ; Kautenen and al, 2013). Besides, the prospect given by entrepreneurial intention doesn't stop bringing new specificities and more precisely when the question of the forecasting or explanatory role of the personal gender on entrepreneurial intention is tackled (Runeson and Frykholm, 1983 ; Frykholm, 1983b) and more recently since we have been approaching the question of management (Admas and Funk, 2012). This relationship has been explored more and more, and mainly in the fields of entrepreneurship (Wilson, Kickul and Marlino, 2007 ; Díaz-García and Jiménez-Moreno, 2010 ; Phipps, 2012, Nikina, Shelton and Le Loarne, 2013) especially as gender often appears as a variable of influence on entrepreneurial intention. Moreover, numerous researches have proven the existence of a relation between anxiety and gender and furthermore their impact cut off from or combined with performance (Cooper and Robinson, 1989), education (Shaw, 1995) and even in medicine (Van Meurs, Howard and Versloot, 2005). Also, it seems that women are twice more affected by emotional disorder due to anxiety than their male peers (Toufexis, Myers et Davis, 2006). To our knowledge this relation hasn't been explored in the field of entrepreneurship. Based on azjen TPB model (1991), it seems interesting to us to conduct an empiric investigation in order to answer the following study question: how do we measure the influence of anxiety towards the future on entrepreneurial intention on young people? What would be the role of the gender in this relation (if it exists)...?

### Methodology

It is suited to underline that the elaborated survey includes a string of items measuring different latent builds structuring the hypothesis model. The mobilized scales are borrowed from existing multidisciplinary literature (e.g. psychology, marketing...). Our approach is similar to the Van Gelderen and All (2013) to measure the attitudes and the perceived control on the behaviour. Also, we have used the scale proposed by Thomson (2009) to measure the entrepreneurial intention and the measures by Kolvereid (1996) to measure the subjective norms. About the anxiety towards the future,

we have based our work on Zaleski (1996). The set of scales are scales of Likert on 7 levels basing themselves on literature recommendations (Cox, 1980). The set of measures concerned the entrepreneurial intention and its preceding (behaviours, perceived control of the behaviour, and subjective norms) are built on the basis of the Ajzen's protocol (1988). We have put together 2 round tables in the structure of focus groups to understand entrepreneurial intention of young people (18-30 y. old) that being so a total of 24 persons and we have tested the comprehension of our survey. They suggested us to limit the business creation to 2 years. The quantitative study was realized around 2 complementary phases: the pre-test phase on the quality of the model of measurement (300 individuals) and the one of the test on hypothesis structural model (1500 individuals). We have made the choice to use the recommended procedure by Preacher and Hayes (2004). This latter, recently developed, allows to bypass the flaws of the regressing methods by Baron and Kenny (1986) usually used to test the mediating effects (Preacher and Hayes, 2008 ; Zhao, Lynch and Chen, 2010). In particular, the Sobel test recommended by Baron and Kenny to evaluate the significativity of the indirect path ab, has a weaker power compare to the bootstrap test used in Preacher and Hayes (2004) method. In this matter, a particular care was attributed to the trusting bootstrap interval: if it doesn't include the value 0, the indirect effect ab is significant and the existence of the mediation has been established. To test the mediator effects, we have resorted to the macro PROCESS for SPSS proposed by Hayes (2012 ; particularly, models 1 and 4 amongst those developed by the authors).

### **Results and Implications**

Our results show that anxiety is a bi-dimensional variable. Between these two variables, just one that is related to the fear that an external factor interferes into the life of the individual has a strong impact on two antecedents of the entrepreneurial intention (Social norms and attitude). Gender has a strong effect on these two antecedents of entrepreneurial intention since, in Tunisia, the entrepreneurial intention is higher among women. One explanation for this statement is that Anxiety towards the future is higher for females. For getting these research findings, our protocol is: The analysis (with IBM SPSS 22 Software) confirmed the robustness and reliability of the different scales (Cronbach's alpha-intention: 0,799; Cronbach's alpha-attitude: 0,922; Cronbach's alpha-perceived behavioral control: 0,628; Cronbach's alpha-subjective norm: 0,734; Cronbach's alpha-future anxiety: Anx 1 : 0,777 and Anx 2 : 0,825). The signs of reliability ( $R\hat{\rho}$  by Joreskog) and of converging validity (PVC) have been calculated directly on an excel table « Sem Stats » created by Fornel and Larcker (1981) (Both underline the importance of estimating these two indicators that are far more robust that the alpha by Cronbach). The  $R\hat{\rho}$  by Joreskog is above 0.7 (0.731), the  $R\hat{\rho}$  of converging validity (Pvc) being above 0.5 pr equal to 0.59. The produced results by the results of the software AMOS indicate that they are satisfying. According to the calculation of the adjusting indicators, we note that the indicators AGFI and CFI are far superior to the threshold of validation (0,921) and (0,933) therefore, in our case, we can be satisfied by these two indicators as they strictly serve the complex models. (Bollen,1989) locates the indicators GFI and AGFI at the threshold of 0,80 in the case of complex model testing. However, we notice that, the RMSEA is weak and far from the threshold (0,049), when the GFI is way superior to the accepted norm (0,921), same thing for NFI (0,916),  $\chi^2/ddl$  (4,286) is inferior to the more flexible threshold of 5 for the complex models (4,286), But it is close to the threshold 2. Consequently, given its complexity, our model adjusts itself well enough to the observed data and the study of the different indicators of adjustment shows that it is acceptable. Otherwise, we have tackled to test the existence of a potential mediator effect between gender, anxiety towards the future and entrepreneurial intention. The model 4 of the macro PROCESS has been mobilized using as a dependant variable the entrepreneurial intention, as a dependant variable, the gender and as a mediating variable, anxiety towards the future. The results show that the gender of the individual has a significant effect on the entrepreneurial intention at the threshold of 5% ( $p=0,0041$ ). So, a test of comparison of averages shows that women present a stronger entrepreneurial intention than men. The other tests have not revealed anything significant. The model 1 of the macro PROCESS has also been mobilized to test the potential moderator effect of the gender on the link between anxiety towards the future and entrepreneurial intention. The results show that there is no interactive effect ( $p=0,7968$ ) in such a way that the gender doesn't moderate the relation pre-cited. The same model has been mobilized to test the moderator effect of anxiety towards the future on the relation between gender and entrepreneurial intention. The results show that there is no interactive effect. We are offering to understand how some variables, neglected until now (to our knowledge) in literature, can influence and help us understand the shaping of entrepreneurial intention. We wish to propose an up-to-date model (based on Ajzen, 1991). This study could then highlight a potential existing link between anxiety towards the future, gender and intention and its antecedents. This study opens a wide avenue for future research on how to include the variable anxiety towards the future and gender into the Planned Behaviour Theory for explaining entrepreneurial intention and intention to entrepreneurial growth.

**Effects of Death Anxiety and Generativity on  
The Formation of Senior Entrepreneurial Intentions**

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**Key Words: Intention, Generativity, Anxiety, TMT, Death, Quantitative**

## Effects of Death Anxiety and Generativity on The Formation of Senior Entrepreneurial Intentions

### Aim of the Paper

We claim that an older individual, who has developed awareness about getting older, might have stronger drive to get into entrepreneurship than people who do not perceive aging. In this study we focus on exploring the linkages between different constructs related to perceptions of aging (existential anxiety, generativity) and entrepreneurial intentions.

### Principal Topic

In this study we focus on entrepreneurship at older ages (e.g., Curran & Blackburn 2001; Singh & DeNoble 2003, i.e. seniopreneurship. Seniorpreneurship represents a prospective policy option to enhance the innovative capacity of the economy by employing the human and social capital of mature individuals through new innovative start-ups (Botham & Graves 2009). More specifically, we investigate how the perceptions of seniors of being old impact their entrepreneurial behavior. Thanks to the tradition of investigating the behavior of older people –in areas such as marketing, psychology, and gerontology – we know now that the behavior of seniors differs from the rest of the population. The differences in behavior between older and younger people are generally attributed to differences in physical, psychological and social characteristics. Prior research into older entrepreneurs suggests that while older individuals are generally more capable of starting and running a business than younger people (Singh & DeNoble 2003; Weber & Schaper 2004), they are significantly less likely to engage in entrepreneurial activity (Curran & Blackburn 2001; Hart, et al. 2004). Levesque and Minniti (2006) argue that as individuals get older, they become less willing to invest time in activities that do not produce instant returns, such as starting a new business. As such, for older people, the opportunity costs of starting own business are high. More importantly, because only humans are concerned with the awareness of the inevitability of death (Greenberg, Pyszczynski, & Solomon, 1986), individuals have an instinct for self-preservation and the awareness of their own mortal condition (Terror Management Theory), which induce an *existential anxiety* (Becker, 1973; Arndt and Solomon 2003). Existential anxiety –or death anxiety – would thus be the emotional manifestation of the instinct of self-preservation. This anxiety raises many individual needs and, as such, it activates the will to satisfy these new needs in their own lives (Greenberg, Pyszczynski, & Solomon, 1986). Two psychological mechanisms may come into play in people who want to decrease existential anxiety. First, when people leave something behind to the next generation after death, they gain a kind of immortality. To this end, *generativity* –the need to contribute to the next generation –might explain why some individuals choose to enter entrepreneurship. Second, through the creation of a new business, seniors also increase their own self-esteem –the social belief that an individual has a real value in itself (Pyszczynski et al., 2004). From this perspective, the enhancement of self-esteem makes the existence more significant and meaningful (Greenberg et al., 1992).

### Method

Because the intention to perform a behavior has been described as the best single predictor of an individual's actual behavior (Fishbein and Ajzen, 1975; Krueger and Carsrud, 1993), we focus on the concept of entrepreneurial intention to measure the entrepreneurial behavior of aging people. We collect the main data from France through a survey instrument. The measures for entrepreneurial intention and the three antecedents were constructed based on the original protocol of Ajzen (1988). Our approach is similar to van Gelderen et al. (2013) when measuring attitudes and perceived behavioral control, Thomson (2009) when measuring entrepreneurial intentions, and Kolvereid (1996b) what comes to subjective norm. Urien and Kilbourne (2011) have translated the original Death anxiety (Dickstein, 1972) and Generativity

(McAdams & St Aubinin, 1992) scales into French. As an interesting nuance, we asked about the entrepreneurial intentions as whether the respondents had intentions to get into a business inside the coming 18 months.

Before collecting data using a representative sample, we used a convenience sample to test the scales and the initial model. We distributed our questionnaire to all older people in our reach (personal network, people we met in cafés, our grandparents, our students' parents, neighbors, friends, work colleagues, friends of friends, etc.). We got 224 responses by October 2013. This paper reports the analysis using the exploratory dataset. To narrow our approach, we have exploited the method of structural equations in order to test the links between the different variables using the software AMOS. Also to test the existence of a potential mediator effect between gender, anxiety towards the future and entrepreneurship intention, we made the choice to use the recommended process by Preacher and Hayes (2004). The latter that was recently developed gives us the possibility to circumvent the flaws of the Baron and Kenny regression method (1986), generally used to test the mediator effects (Preacher and Hayes, 2008 - Zhao, Lynch and Chen, 2010). Precisely, the Sobel test recommended by Baron and Kenny to evaluate the statistical significance of the indirect path  $ab$ , is less powerful than the Preacher and Hayes (2004) Bootstrap Method test. In this matter, a particular care was given to the confidence intervals of the bootstrapping method – if it doesn't include the value 0, the indirect effect  $ab$  is significant and the existence of a significant mediation has been established. To test the mediator effects, we resorted to the macro Process for SPSS offered by Hayes (2012 – particularly models 1 and 4 among those developed by the authors).

## Results

The IBM SPSS 22 Software analysis confirmed the robustness and reliability of Entrepreneurial Intention (Cronbach's alpha = 0.92), Entrepreneurial Attitudes (alpha = 0.88), Perceived Behavioural Control (alpha = 0.77), Subjective Norm (alpha = 0.75), Anxiety Towards Death (alpha = 0.77), Generativity1 (alpha = 0.67), and Generativity2 (alpha = 0.70). Contrary to our expectations, the analysis points towards two different generativity constructs, of which the first one is labeled as Transfer of Knowledge and latter one as Social Commitment. The confirmatory factor analysis (CFA) conducted with AMOS gives satisfying results. We notice that the factors AGFI (0.913) and CFI (0.858) are close to the validation threshold (0.9). Indeed, based on Baron and Kenny (1986) approach, Anxiety Towards Death affects positively Entrepreneurial Attitudes. The Generativity1 (Transfer of Knowledge) affects positively Entrepreneurial Attitudes and Perceived Behavioral Control. Last, Generativity2 (Social Commitment) affects positively Subjective Norm and Perceived Behavioral Control.

The results established according to the Preacher and Hayes (2004) modalities have allowed us to detect statistically significant ( $p < .000$ ) positive link between Entrepreneurial Attitude and of Entrepreneurial Intention. Also, both Subjective Norm ( $p < .000$ ) and Perceived Behavioral Control ( $p < .000$ ) have statistically significant link to Entrepreneurial Intention, like predicted by the Theory of Planned Behavior.

We also identified that Subjective Norm and Generativity2 (Social Commitment) have an interaction effect on Entrepreneurial Intention ( $p = .001$ ): the higher level of Social Commitment, the smaller the impact of Subjective Norm on Entrepreneurial Intentions.

In this study we make an attempt to enhance our understanding of older-age entrepreneurship. Indeed, we still know relatively little about the drivers that make older age people to become entrepreneurs, perhaps because we tend to assume that those drivers are similar across ages. Our study contributes to this direction by investigating some of the antecedents of the formation of entrepreneurial intentions, namely the potential roles death anxiety and generativity among senior people. While our empirical observations give support to the applicability of the TPB in the context of older aged people, we identified interesting effect between generativity and the formation of entrepreneurial intentions. This in turn is an interesting and fresh insight for the psychological approach in entrepreneurship. We encourage future scholarly work to incorporate age-meaningful constructs to their inquiries about entrepreneurial behavior.

# Emerging Entrepreneurs Post-conflict: Evidence from Sri Lanka

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Key Words: Entrepreneurship; Financial Constraints; Post-conflict; Sri Lanka

## Abstract

**Track Title:** Different Contexts

**Paper Title:** Emerging Entrepreneurs Post-conflict: Evidence from Sri Lanka

**Aim of the Paper:** The paper identifies the determinants of entrepreneurship following the cessation of conflict in Sri Lanka.

**Background Literature:** Recent literature acknowledges that entrepreneurship plays a vital role in job creation, poverty alleviation, and economic growth in developing countries. However, the role of private enterprise in socio-economic revival following the cessation of civil war has received little attention in the extant literature. We use the case of post-conflict Sri Lanka to investigate the contribution of entrepreneurship to livelihood and access to services. Data collected via a purpose-designed survey of 243 enterprises in two cities is used to assess the motivations for starting a business and the contribution of these businesses to economic revival. To the best of our knowledge, this would be the first quantitative study conducted in post-conflict Sri Lanka analysing factors affecting entrepreneurship. This is also one of the few studies addressing the link between entrepreneurship and the peace dividend in developing countries.

**Methodology:** We collected data through a purpose designed survey administered in two cities in Northern Sri Lanka and used this to investigate the differences in personal characteristics between new entrepreneurs (those who create employments for others) and the self-employed, applying a probit model.

**Results and Implications:** Our analysis reveals the following: (i) the majority of entrepreneurs emerge due to necessity of income; (ii) Muslims are overly represented in entrepreneurial activity; (iii) emerging entrepreneurs comprise of able-bodied older men with an upper secondary level of education; and (iv) wealthier individuals constitute the bulk of emerging entrepreneurs and it is these individuals who create employment for others. Access to formal finance such as bank loans has an insignificant relationship with the decision to start an enterprise. These findings, coupled with qualitative data gathered during the survey, suggest that financial constraints constitute a major obstacle to entrepreneurial activity in this post-conflict environment. The results provide a basis for policy discussion concerning the revival of the conflict-affected economy through entrepreneurship development. Finally, we discuss the possibility that these conclusions might offer useful insights for other societies recovering from conflict.

**TRACK: INNOVATION**

**How financing constraints is affecting SMEs' innovation during the economic crisis?**

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## TRACK: INNOVATION

### How financing constraints is affecting SMEs' innovation during the economic crisis?

#### AIM OF THE PAPER

The purpose of this paper is to analyze whether investment in by SMEs over the last two years have been affected by financing constraints that are linked to innovation. The results of the study help in better understanding the determinants of financing constraints to innovation among SMEs. In this research we use a general definition of innovation, considering a broad concept and not only R&D investment.

#### BACKGROUND LITERATURE

There is broad consensus about the benefits associated with innovation and the convenience for companies to seek competitive forces through innovative investments. However, investment in innovation is surrounded by uncertainty that makes it difficult to evaluate the chances of success and, by extension, the access to external financing. Investment in innovation compared to other types of investment is characterized by a high degree of asymmetric information between the parties involved. The complexity and specificity of innovation projects make it difficult for outsiders to judge the potential value. These difficulties and the resulting credit rationing increase during periods of global economic recession. Asymmetric information, bankruptcy risks and agency conflicts lead to extremely high external financing costs (Madrid-Guijarro et al 2009). Therefore a firm's investment behavior might be constrained in terms of the availability and cost of finance (Bartoloni, 2013) if its internal resources are not sufficient to carry out the investment. In fact, Hall (1992), Himmelberg and Petersen (1994) and Czarnitzki and Hottenrott (2010) show that internal sources of funds are indeed more important for R&D than for ordinary investment. Firms use external financing after exhausting internal financing, according to the pecking order theory or hierarchy of finance (Myers and Majluf 1984; Fazzari et al.1988).

Previous literature about financing constraints in innovation has focused mainly on large firms and R&D investments. Research on investment in innovation by SMEs is very limited and has not provided evidence about SMEs commitment to innovation during the various stages of the business cycle. The gap in research is especially significant during periods of economic recession.

#### METHODOLOGY

The sample was comprised of 300 manufacturing SMEs from Murcia (Spain). The information was collected using self-administered questionnaire targeting company managers. Field work was begun in June and ended in November 2013. In the questionnaire, we asked the managers about firm-specific characteristics, including innovation activities and the financial constraints to innovation they faced during the last two years.

In order to analyze the effect of financial constraints on innovation at the SME, we estimate the following model:

$$Innovation_i = \beta_0 + \beta_1 Age_i + \beta_2 Size_i + \beta_3 Network_i + \beta_4 InnCapacity_i + \beta_5 Environment_i + \beta_6 FinancingConstraints_i + \varepsilon_i \quad (1)$$

Where *Innovation* refers to product and process innovation variables. Regarding Product Innovation, respondents were asked to indicate if the evolution of the firm had been favorable or unfavorable (5 point likert scale) in relation to four items: (1) Number of new product or services launched by year; (2) The pioneering character of the company when introducing new products or services; (3) The speed of response to the introduction of new products or services from other companies; and (4) R&D investment in new products or services. Similar items were used for process innovation. Product innovation and process innovation variables will be considered as factors obtained from seldom factorial analysis. Model (1) is estimated separately for both product and process innovation variables. *Age* is the number of years since the firm was set up. *Size* is the number of employees in year 2012 in logarithm terms. *Network* is the mean value the respondents have given to the frequency the firm cooperate or collaborate with customers, suppliers, competitors, development agencies, technological centre, technological providers, and universities, considering a 5 point likert scale (1: never and 5: very often). *InnCapacity* represents the innovation capacity the firm has in terms of knowledge accumulation and management and importance given to creativity as used by Yang (2012). *Environment* refers to the dinamism, hostility and heterogeneity of the environment the firm is working on (Bojica and Fuentes, 2012). Savignac (2008), Spielkamp and Rammer (2009) generally define firms as constrained if the

firms indicated in a survey that its innovation projects were hampered by the lack of finance. In this sense, *FinancingConstraints* is the mean value the respondents give to two statements (5 points likert scale, 1: Totally disagree 5: totally agree): (1) During the last two years profitable innovation projects have been abandon because of lack of financing resources and (2) During the last two years profitable innovation projects have been delayed due to lack of financing resources.

To study the determinants of financing constraints the model estimated is the following:

$$\begin{aligned} \text{FinancingConstraints}_i &= \alpha_0 + \alpha_1 \text{Age}_i + \alpha_2 \text{Size}_i + \alpha_3 \text{InnCapacity}_i + \alpha_4 \text{Environment}_i + \alpha_5 \text{FinancialHealth}_i \\ &+ \alpha_6 \text{NBank}_i + \alpha_7 \text{Debtconcentration}_i + \delta_i \end{aligned}$$

(2)

Where, *FinancialHealth* refers to a score-card model proposed by García et al (1995) for Spanish SMEs, containing information about quick assets over current liabilities, total asset to total debt, total interest payments to sales, annual amortization to amortizable assets, earnings before taxes over total debt. *NBank* and *Debtconcentration* are both variables about the banking relationship the firm. The first one, *NBank* relates to the number of year the firm has been working with its main bank, and the other one, *Debtconcentration* refers to the percentage of debt hold with the main bank.

## RESULTS AND IMPLICATIONS

The results of the above estimations show that the innovation in the SMEs is negatively affected by the financing constraints this kind of firms face. This negative effect is especially important for the innovation process variable. Therefore, manufacturing SMEs are resigning innovation not because they feel they are not able to carry out that project or the projects are not profitable, but because they are suffering financing constraints. In the SMEs, the financing constraints are negatively related to the firm's financial health, as expected, and positively related to the number of banks the firm works with and the debt concentration. Consequently, banking relationship is associated with financing restrictions; the decrease of both variables would allow the firm to suffer less financing constraints. These results have important implications for governments and managers. On one hand, governments should reinforce the innovation policy paying more attention to SMEs to develop instruments to favor innovation in general terms, and in particular process innovation during the current economic crisis. On the other hand, managers should handle banking relation to increase the probability of not being constrained when they are interested in an innovative project.

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## ABSTRACT

- **Track Title: Policy**
- **Paper Title:**

*Delivering a Better Quality of Life For All In South Africa: Can SME Entrepreneurship  
Make a Difference?*

*(D. Mahadea)*

- **Aim**

People had great expectations that with political emancipation in 1994, citizens would enjoy the fruits of economic freedom, and this transformation would deliver a better quality of life for all, in the new South Africa as a rainbow nation. However, there were considerable backlogs in housing, education and public services when the democratic government took office. After nearly two decades of democratic rule, there has been progress in many areas of the economic landscape and these have contributed to empowerment opportunities of formerly disadvantaged individuals. Apart from the recessionary period 2008-2009, the South African economy consistently registered positive economic growth rates, as high as 5% during certain years. Per capita income has risen by almost 40% in real terms, about 3 million houses have been built, access to electricity and education has increased significantly and over 15 million persons receive social grants. However, although education absorbs about a fifth of the annual budget, South Africa's Human Development Index in 2012 is much the same as that in 1990 at 0.62.

It is realised that there cannot be much economic empowerment and welfare improvement without growth in output, income and employment and entrepreneurship, thus necessitating an active state involvement with numerous strategies and institutions in place, ranging from the Reconstruction and Development Program (RDP) to the National Development Plan (NDP). Despite these interventions and redistribution measures, poverty, income inequality and unemployment as well as service delivery failures have been on the rise in recent years. South Africa has recently been slipping down on economic achievements or on the global competitive productivity league, making the sustained delivery of a better life for all domestic citizens in the long haul vulnerable. The paper critically examines the progress, challenges and prospects of delivering an improved quality of life in the post-apartheid South Africa, with some focus placed on the provision of education, public utilities, employment and entrepreneurship as well as expansions in GDP. The aim is to assess the progress thus far made and to examine some of the environmental constraints limiting the progress on the delivery of a shared prosperity with the people, and consider whether SME entrepreneurship and GDP growth can make a difference to the quality of life through employment generation and unemployment reduction of the country.

- **Background Literature**

Improving the quality of life is a top goal of policy-makers in South Africa. Since the country has become a democracy in 1994, some progress has been made in empowering citizens with opportunities towards a better life, especially through delivering education, housing, electricity and other social services. The expansion of state services has been facilitated partly by positive economic growth rates, generating adequate tax revenue to finance the rising welfare redistributions. However, employment has lagged behind output growth, resulting in high levels of unemployment, income inequality and poverty, though these have been partly eased by social grants. South Africa seems to suffer from a social deficit, as the number of jobless people and the pool of discouraged work-seekers, as a proportion of the total labour force, continue to increase, with a persistently high unemployment rate, presently at about 25%. The prospects for the public sector to drive job creation and enhance the delivery of a better quality of life through the welfare net are limited, as also indicated by the NDP. The practice of vigorous entrepreneurship through the formation and expansion of SME ventures in an environment of good governance is critical for economic growth, development, income generation and employment creation. All these contribute to enhance national prosperity and individual well-being.

- **Methodology**

This paper initially examines the progress made by post-apartheid South Africa in delivering a better quality of life over nearly two decades, the challenges that are yet to be addressed, specifically with regard to job creation and economic growth. It then considers the extent to which SME entrepreneurship and real GDP, as well as income per head, can make a difference to unemployment. Using regression analysis, it examines the relationship between unemployment and per capita GDP over the period 1994-2012, and then considers the relationship between entrepreneurship rate, as indicated by South Africa's TEA rate available for the limited period 2001-2012, and unemployment rate during the same period.

- **Results and Implications**

Using data on unemployment, entrepreneurship (TEA) and real GDP for the period 2000-2012, preliminary regression results indicate that a 1% change in entrepreneurship TEA rate brings about almost a 5% change in the country's narrow unemployment rate. This is the 'official' definition of unemployment and it excludes the discouraged worker effect. Furthermore, a 1% improvement in real GDP brings about almost a 0.34% change in unemployment, confirming that economic growth contributes to employment creation. Looking at the relationship between unemployment, income and squared income per head over the longer period 1994-2012, separate regression results indicate, surprisingly, that any increase in GDP per head below a critical income level tends to increase unemployment ( $b_1 = 0.023$ ). However, the income squared effect tends to an improvement ( $b_2 = -3.49E-07$ ) in the unemployment rate. Thus, there may be a critical threshold real income per head (around R32500) beyond which improvements in real GDP income has a strong effect on *reducing*

unemployment. A unit rise in real GDP per head ultimately results in a 0.02% fall in the unemployment rate.

To enhance employment and the delivery of a better quality of life, South Africa needs to generate higher levels of entrepreneurship and inclusive economic growth rates with high labour absorptions. Even the NDP indicates that entrepreneurial activity in the small business sector will generate maximum employment and growth opportunities. While greater encouragement of SME entrepreneurship is necessary to support growth, employment, income and subjective well-being in South Africa, it is not sufficient. The environmental setbacks to SMME entrepreneurship and institutional barriers to employment creation along an entrepreneurial growth path as well as a policy prescription are also examined in the paper.

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Key words: Entrepreneurship, economic growth, employment creation, unemployment, quality of life, education, income.

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## The Phenomenological Approach: A Framework To Design Markets

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Key Words: business strategy, case studies, innovation, market analysis, phenomenology.

### Aim of the Paper

The object of this essay is to investigate how markets operate and to propose a logic for the creation of new markets, a conceptual model to help managers being more innovative in their strategic marketing decisions (i.e. market creation, positioning, branding). There are two basic trends that justify this research: a lack of distinctiveness among firms due to high levels of competition and consumers no longer knowing what they want (i.e. no more needs).

The authors will show how the classical mental framework generally used to study markets appears on the one hand to be established and systematic in the life of a company, while on the other is no longer adequate to meet the needs of innovation required to survive. To the classic principles of objectivity, generality, and psychosociology the authors counterpose the imaginary, specificity, and an existential view illustrating how the phenomenological approach can be a genuine mental exercise learned and applied by managers in any industrial context. From a theoretical point of view, this paper gives a contribution to knowledge by trying to uncover a series of functioning rules for business innovation in any market and, at the same time, to identify cultural practices implicitly involved in the act of consumption.

### Background Literature

Since the 1990's innovation economics has been gaining acceptance as the alternative doctrine to conventional economics theory (Keynes, 1936). The implication of this trend has been an ever greater emphasis by society at large towards knowledge creation, technology, entrepreneurship, and above all continuous innovation. In other words, effective innovation strategies have become essential for survival in any industry and the successful entrepreneur needs more than ever to actively seek to create new consumer demand (Schumpeter, 1936). But how can a business continue to innovate in today's economic environment? What are the processes of creating innovation? Leaving aside the transformation that can occur internally to an organization (i.e. innovation management), this paper focuses instead on the outside world: the market. In such a context, the marketing literature seems to have mainly concentrated on the evolution of how the producer-consumer relationship should be conceptualized in order to address the challenges surrounding market creation, firm positioning, branding, and other strategic objectives. Relationship marketing (Berry, 1995), the transition from simple services to the extreme personalization typical of mass customization (Tseng & Jiao 2001), the theory of emotional branding (Rossiter & Bellman 2012), marketing aesthetics (Schmitt & Simonson 1997), engagement or experiential marketing (Pine & Gilmore, 1998), and content marketing (Cannon 1999) are just some of the theories that currently guide corporate mentality.

The phenomenological approach (Heidegger, 1927; Husserl, 1913; Merleau-Ponty, 1945; Sartre, 1946; Scheler, 1980) has already been utilized in many fields of research, including psychology (Koffka, 1935), psychiatry (Binswanger, 1955), sociology (Schutz, 1967), literature (Ingarden, 1931), and anthropology (Scheler, 1928), but has not yet found a significant application in management and market studies. In whichever context the phenomenological perspective found a valid application, this developed out of the core message summarized in the saying "*to the things themselves*" (Husserl 2001:168), an invitation to break free

from a reality that is 'known' and 'given' in favour of what is possible. When applied to markets, this concept allows for a departure from the typical producer-consumer relationship and the customer-needs paradigm in favour of a reformulation of the offering. The fundamental tenet of this approach is that we are bearers of a scheme of knowledge, of concepts we use to form our judgments, and of categories with which we interpret things: established mental structures so deeply rooted in our consciousness that block innovation and could, at least partially, be reviewed. If the way we think markets eventually creates the markets themselves (Berger & Luckmann, 1966), then a change in perspective could lead to great innovations.

### Methodology

Phenomenology applied to a specific market translates in the identification and analysis of the fundamental symbolic factors of a defined industry sector. Methodologically, this practice required three different phases. The first step involved the identification of sector-specific imaginary worlds for each one of the five industries under investigation: the imaginary of movement for motorcycles, the idea of cooking for packaged food, music for audio instruments, figure for glasses, and money for banking. This is quite a different process from standard innovation practices that would rather start from an in depth look at consumers and their characteristics. To properly identify the imaginary worlds previously described, the researchers used a mixed process of data collection which involved personal intuitive identification (derivable from the cultural realms of human history and experience that comprise a universal resource available to everyone) and conceptual negotiations with company directors and managers at different levels of the various organizations. The firms were all clients. One firm per industry was identified and 20 individuals were interviewed on average in each context. Focus groups were also organized to ensure consistency of the dominant vision that was gradually taking shape inside each firm.

Apart from these techniques, common to case study research in general, the researchers (in their consultant capacity) were also in a position to recursively gather and analyze high quality data deriving from the assessment of product/service ideas and from detailed studies of the competitive markets under investigation. All of this was possible because of the participative nature of the study. Among the benefits of PAR (Participative Action Research) is in fact the strong willingness of the 'researched subjects' to provide high quality data and seek continuous and active involvement in the research process (Whyte 1991).

The second step of the phenomenological approach involved the elaboration of concept maps to help identifying specific dimensions of competition in each imaginary market. The maps were then discussed with management to seek evidence, or otherwise, for how the maps had been conceptualized. The third step was the redesign of the offering, its launch on the market, and monitoring activities to assess how customers perceived the change.

### Results and Implications

The five cases validated the notion that marketing strategy would greatly benefit from a phenomenological approach to analysing markets. In particular, three important theoretical implications could be extrapolated:

- The transition from a psychological-projective symbolic system to one that is phenomenological-immanent. This means moving away from psychological values (e.g. freedom, beauty, success, etc.) attached to many different products, in favor of imaginary worlds appropriate to each industry (e.g. movement for motorcycles). It is not simply consumption to be symbolic (Aldridge, 2003), but it is the industry itself, and each industry has its own specificity. Phenomenology, therefore, should not be intended just as a method to revive markets, but a process to reveal their physiology, the imaginary rules of their operations.
- Consumption is analyzed from a new cultural perspective that we named sociology of the spirit. This view implies that we are all immersed in the imaginary worlds previously described and therefore even when we purchase we unconsciously make cultural choices.
- The engagement sought by companies with consumers obviously concerns cultural heritage and cannot be anything but existential since these imaginary worlds are part of our existence. Therefore, a company must recognize and make good use of these imaginary worlds (i.e. places within which consumer and business can meet) in order to restore its relationship with customers.

In conclusion, with the mounting crisis of a hyper-scientific marketing obsessively engaged in the reconstruction of objective worlds of reference, the action of companies can only benefit from a cognitive project that forces reality rather than seeking an adjustment to it.

## **Successfully Managing SME Restructuring**

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Key Words: Restructuring; Reorganisation; Organisational Change

## Track Title

Small Business Management

## Paper Title

Successfully Managing SME Restructuring

### Aim of the Paper

In today's business environment of continuous change, SMEs need to restructure to adapt to altered framework conditions in order to stay competitive and sustainable. Both, at European and national level, restructuring has become an important topic on the policy agenda. With the aim of providing suitable support to companies and employees affected by restructuring, governments and social partners discuss the characteristics of restructuring and the possibilities to cope with its potential negative effects on businesses and the labour market. However, policy debate mainly focuses on large companies due to the stronger immediate effects of their restructuring. Restructuring of SMEs receives less attention, resulting in a situation in which little is known about the characteristics of SME restructuring and the needs of entrepreneurs and employees in managing it successfully. Such knowledge, however, is a precondition for the provision of adequate support to safeguard that SME restructuring results in a win-win situation for the employer and the employees. This paper aims to contribute to closing this knowledge gap by mapping the main characteristics of anticipating and managing restructuring in SMEs, its outcomes for the businesses and workers as well as the major success factors and constraints for a sustainable development after restructuring. On the basis of this, policy pointers are derived, suggesting how SME management could be improved and how the external and support framework could be designed to better assist sustainable SMEs in Europe.

### Background Literature

While restructuring is increasingly topic of both, policy debate and scientific research, focus is mainly on macroeconomic change (that is, sectoral developments or structural change) or the restructuring of large businesses. Restructuring in SMEs is less visible and publicised ('silent restructuring')<sup>1</sup>, and sometimes simply forgotten<sup>2</sup>. Consequently, background literature on restructuring in SMEs is scarce and fragmented across Europe. With a specific focus on SMEs, some restructuring types have been analysed. Examples for such are internationalisation<sup>3</sup> and partly business transfers<sup>4</sup>. As regards business closure, bankruptcy or insolvencies, but also business expansion, most countries provide some data, also with size class considerations, but research on the characteristics like drivers and processes are rare. Mergers and acquisitions<sup>5</sup>, offshoring<sup>6</sup> and outsourcing<sup>7</sup> have hardly been investigated from an SME perspective. The assumed reason for this is that SMEs traditionally are the target or beneficiaries of these restructuring types rather than the initiators. Similarly, relocation is hardly analysed for SMEs as it is often assumed that particularly the smaller firms are strongly anchored in their local environment and hence more reluctant to change their business location.

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<sup>1</sup> Voss, E. (ed) (2007), Structural change, company restructuring and anticipation of change in the European small and medium-sized enterprise sector, background document Restructuring Forum 'Adaptation of SMEs to change', Wilke, Maack und Partner, Brussels, 26–27 November 2007. Voss, E., (2012), Employment protection of workers in more flexible forms of work and in SMEs in the context of restructuring, Report on the EU-level workshop, Brussels, 1–2 December, 2011, European Commission and Wilke, Maack und Partner, Brussels.

<sup>2</sup> UEAPME (European Association of Craft, Small and Medium-sized Enterprises) (2005), Restructuring processes must take account of small firms, press release, Brussels, 23 June 2005.

<sup>3</sup> For example, EIM Business and Policy Research (2010), Internationalisation of European SMEs, European Commission, Directorate-General for Enterprise and Industry, Zoetermeer/Brussels, 2010. Fuentes, G.M.V. et al (2009), La PYME familiar española y su internacionalización. Situación actual y perspectivas, EAE Business School, Madrid.

<sup>4</sup> For example, BMWFJ (2012), Mittelstandsbericht 2012. Bericht über die Situation der kleinen und mittleren Unternehmen der gewerblichen Wirtschaft, Bundesministerium für Wirtschaft, Familie und Jugend, Vienna. Lambrecht, J. and Naudts, W. (2007), Overdracht en overname van kmo's in België, FOD Economie, SVO EHSAL-K.U. Brussels. Pk-yrittysbarometri (2011), Spring 2011, Federation of Finnish Enterprises, Finnvera, Ministry of Employment and the Economy, Finland. Hauser, H.-E., Kay, R. and Boerger, S. (2010), Unternehmensnachfolgen in Deutschland 2010-2014, IfM-Materialien 198, Institut für Mittelstandsforschung, Bonn. Kowalewska, A. (ed) (2010), Firmy rodzinne w polskiej gospodarce – szanse i wyzwania, Polska Agencja Rozwoju Przedsiębiorczości, Warsaw.

<sup>5</sup> For example, Gonzalez, N.Z. (2007), Las fusiones y adquisiciones como formula de crecimiento empresarial, Ministerio de Industria, Turismo y Comercio Madrid.

<sup>6</sup> For example, Gorter, J., Tang, P., and Toet, M. (2005), Verplaatsing vanuit Nederland [Relocation from The Netherlands]. Motives, consequences and policy, Central Planning Bureau, The Hague. Deschryvere, M. and Kotiranta, A. (2008), Domestic employment effects of offshoring: Empirical evidence from Finland, ETLA Elinkeinoelämän tutkimuslaitos, Discussion Papers No. 1166, The Research Institute of the Finnish Economy. SESSI (Service des études et des statistiques industrielles) (2008), Les implantations à l'étranger des entreprises industrielles françaises, Ministère de l'Économie, de l'Industrie et de l'Emploi, No. 246, May 2008. Haunschild, L., Hauser, C., Gunterberg, B., Müller, K. and Solter, A. (2007), Die Bedeutung der ausenwirtschaftlichen Aktivitäten für den deutschen Mittelstand, IfM-Materialien 171, IfM Bonn/IfH/ Bundesministerium für Wirtschaft und Technologie, Bonn.

<sup>7</sup> For example, EIM Business and Policy Research/Ikei Research and Consultancy (2009), EU SMEs and subcontracting, Zoetermeer/Brussels.

## Methodology

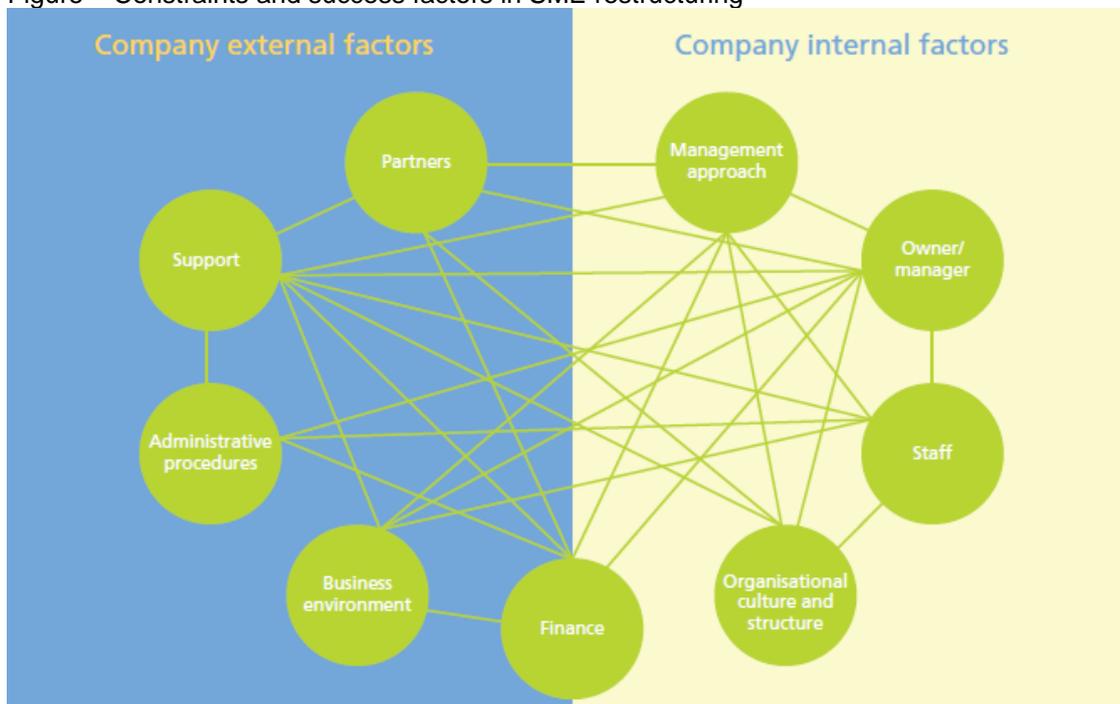
The paper is based on a research project conducted by the European Foundation for the Improvement of Living and Working Conditions (Eurofound) in 2012-2013<sup>8</sup>. It comprised a literature and data review at EU level as well as in the EU27, summarising existing research on the drivers, characteristics and outcomes of restructuring in SMEs. As however, such secondary information was scarce, core part of the project was the elaboration and analysis of indepth case studies. In total, 85 company case studies have been conducted across Europe and the various restructuring types (bankruptcy/closure, business expansion, internal restructuring, merger and acquisition, offshoring, outsourcing, relocation), mainly focusing on businesses with 30-100 employees before restructuring. Furthermore, a policy analysis was conducted in the EU27 and Norway, to investigate on support instruments offered by governments and social partners for company restructuring. The aim of this analysis was to map the availability of specific instruments targeted at SMEs and to assess the suitability of available restructuring support for the needs of SMEs and their employees. The different parts of the project were compiled and analysed in order to derive conclusions regarding the main success factors and constraints of SME restructuring as well as to pinpoint recommendations for better public framework conditions and support.

## Results and Implications

The analysis conducted in this project hints at SMEs being relatively weak in anticipating, planning and preparing restructuring. Often, restructuring is done in an ad-hoc manner without underlying plan and is postponed rather than started immediately when the first signs highlighting the need for change become obvious. In contrast to that, in the management of change, SMEs tend to react quickly and flexibly. Owners/managers are strongly involved in the management of restructuring in terms of developing strategies, operationally implementing them as well as in funding them. They show a strong identification with their workforce and aim at maintaining as many jobs as possible.

There are many factors that influence the success of an SME restructuring. They can be broadly classified into company internal ones, which the owner/manager and staff can influence, and company external ones, that can hardly be influenced by the affected firms and workers. In practice, it is never a single factor that influences the outcome of the restructuring. Rather, these factors are interdependent, so that the combination and interaction of several factors determines the results. This also implies that positive features of one factor can compensate for the negative features of another.

Figure – Constraints and success factors in SME restructuring



Source: Eurofound

<sup>8</sup> Eurofound (2013), Restructuring in SMEs in Europe, Publications Office of the European Union, Luxembourg.

Finance is put in the centre of the above graph as it traditionally is a challenge for SMEs and becomes even more important in restructuring which often needs increased funds that can be satisfied by company internal or external sources. From the case studies we learn that even in case of flourishing business development, SMEs encountered difficulties in accessing finance which hindered the growth and finally required the owner/manager to devote private funds to the restructuring.

The vast majority of interviewed owners/managers identified a strategic management approach as a decisive factor for successful restructuring, while at the same time a good degree of flexibility to react to unforeseen development should be secured. This pinpoints the relevance of the owner/manager in the restructuring process: Their management skills and market knowledge, but also their openness to change, their ability to cope with it, and their ability to motivate staff to support the restructuring are important success factors. The latter is particularly decisive as the case study findings show that the commitment and active involvement of staff are relevant for a successful management of the restructuring, as is a supportive corporate culture and communication procedures.

As regards company external factors, the political and economic situation of the country is decisive as it impacts on the company's resources and its supply and demand. Particularly short-term developments, causing uncertainty or changes in assumed framework conditions can strongly affect SMEs' management of restructuring. Another general SME challenge that becomes more pressing in restructuring is the level of administrative burden and the duration and cost involved with official acts. As regards external support, the availability, transparency and costs related to publicly or privately provided assistance influences the outcome of SMEs' restructuring, as does the quality/suitability of the approached services. Finally, the characteristics and supportiveness of business partners can be considered as a favouring or hindering factor in the restructuring process.

On the basis of the above, the following policy actions can be recommended as a response to the main challenges SMEs are facing in restructuring, in order to provide them with better frameworks to improve their performance and sustainability after change:

- Awareness raising about the necessity to restructure in a timely, strategic and planned manner
- Improvement of management skills and diagnostic capacities in SMEs to anticipate and plan change
- Establishment of one-stop-shops for restructuring support and coordination of various actors to offer comprehensive support packages
- Safeguard accessibility and suitability of available support (also through more differentiation) and decrease administrative burden and reaction time, particularly as regards access to finance

**Paper Title: Small businesses, Institutions and Regional Incomes**

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## **Track Title: Sustainability**

### **Paper Title: Small businesses, Institutions and Regional Incomes**

#### **Aim of the paper**

Regional small businesses may rely on customers who earn income in local and global markets. Small business must transact with suppliers of knowledge and resources, transform those resources into innovative and saleable products or services, and transact with customers. Transformation, transaction and social activities, and the institutions which support them, are necessary for successful small businesses. Regional income and small businesses depend on innovation and trade provided by social and transaction institutions.

In this paper we demonstrate this proposition empirically using a model and by investigating the relationship between regional income, transaction institutions, transformation institutions, and social institutions for 140 functional economic regions (FERs) in Australia. The model suggests that social institutions create a macro-environment in which transaction institutions and the transformation and trading activities of businesses can thrive, and help to generate regional income and prosperity.

We follow others (Cooke et al., 2007) in arguing that strong transaction institutions are a necessary condition for regional innovation. Social institutions complement transaction institutions by providing education and training, arts and recreation, health care and social services. In the studies reported in this paper the capacity for search and intermediation of exchanges of all kinds (goods, services, knowledge etc.) is measured by the share of transaction institutions in regional employment. The capacity of social institutions is measured by the share of employment in social institutions. We argue that the market failures which cause regional failures to thrive may be made solvable by mobilising market making services to extend and provide governance for regional transactions with faraway markets.

#### **Background Literature**

The problem of persistent regional disparities in productivity and income has been attributed to a very wide range of contributing factors. Fujita and Thisse (2002) point to the importance of agglomeration economies in driving the growth of cities. Trade theory points to resource endowment and comparative advantage as determinants of trade, and Porter (1990) and Fairbanks and Lindsay (1997) extend the analysis to the competitive advantages of local industrial structures and clusters. Geographers such as Beer and Maude (2002) provide further insights into the persistent themes in regional development theory and practice including industrial recruitment. Florida (2002) gives emphasis to the social institutions which develop and sustain creativity and cosmopolitanism, in concert with talent and technology.

Transaction costs are the costs of the resources used to define and enforce exchange agreements. More resources are required when cooperation is particularly difficult to sustain and transactions must be undertaken with a large number of unknown agents (North, 1991: 97-98). The transaction institutions which ensure the reliable and trustworthy links required for exchange transactions between traders in markets (Wallis and North, 1986; North, 1991) are also required for exchange transactions between holders of related but different knowledge bases (Malerba, 2006). The transaction institutions support the integrity of transactions between traders by assisting traders to search and inspect goods and services, and to negotiate and execute a contract (Furubotn and Richter, 2010).

The 'New Institutional Economics' literature (Coase, 1937; Furubotn and Richter, 2010) argues that markets must be made and demonstrates the extraordinary efforts made through history to extend markets. The transaction costs literature (Coase, 1937; Wallis and North, 1986; Dollery and Leong, 1998) provides approaches to the measurement of the resources nations use to make and sustain markets.

#### **Methodology**

In this paper we use a sample of 140 functional economic regions (FERs) drawn from the Australian Census of Population and Housing 2006 (ABS, 2007). For each region we develop estimates for the year 2006 of median gross weekly income and an occupation by industry matrix for the employed population. Individual weekly income for functional economic regions and its connection to the transaction and transformation sectors are examined.

A cluster analysis is used to reveal the contributions to incomes of education and other social institutions in high income regions. In addition, regression and correlation analysis are used to reveal the contributions to regional income of transaction institutions and selected industries.

## Results and Implications

We extend and upgrade the regression and correlation analyses, confirming a strong and positive relationship between incomes and institutional structure after accounting for industry structure. We also conduct a cluster analysis of the components of institutional structure which provides further insights into interactions between institutions.

The results show a large, significant and positive relationship between income, transaction and social institutions in regions. This suggests that regional development policies should pay attention to growing the transaction and social institutions within their region, thus stimulating small businesses growth. The model of regional income formation put forward in this paper is broadly supported by the statistical analysis. This has implications for further research as well as regional practices. The results show that median gross individual weekly incomes in Australian regions are strongly and positively associated with the share of the local employment employed in local market making services.

Further research on linkages between regional industries and local market making services is required to confirm the reasons for and the extent to which regional enterprises in agriculture, mining, manufacturing and public administration secure their market making services locally. This future research should address the effects of remoteness on the location of market making services for regions.

In this paper, we argue that regional economic development policy should seek to put within reach for each region the capacity to make markets for the unique products and services of each region. By delegating the responsibility for market making to regions, the problems governments face in attempting to stimulate sustained regional prosperity may become simpler, less contested and more transparent. We suggest that policies to strengthen regional transaction institutions would improve coordination across regional knowledge bases, regional innovation and regional incomes. The results of this study provide a strong case for regional policy makers to consider ways of strengthening the market making capacity of regions in order to develop viable and independent regional communities.

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## Angel Investing in an Austerity Economy – the impact of government policy

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### Context

Business angels are recognized in both developed and emerging economies on account of the role that they play in stimulating entrepreneurial activity, and high growth companies in particular. Indeed, with the decline in both bank lending and venture capital since the onset of the global economic crisis business angels have become an even more significant source of finance for entrepreneurial businesses. Stimulating business angel activity has therefore become an essential component of current strategy to increase the level of entrepreneurial activity in Europe. Over the last decade, some EU countries with developing informal venture capital markets have seen governments implement various measures to increase and consolidate these markets. The question that this paper addresses is whether such intervention is effective in so-called austerity economies – that is, countries that have been the worst hit by the financial crisis. We examine this question in the Portuguese context.

Portugal has suffered the third most significant economic decline in the European Union after Greece and Spain. GDP growth is -3.23% (lower than that of both Italy and Spain) This resulted in both high unemployment, currently 17%, and high outmigration of skilled workers. Portugal received a €78bn bailout from the European Union resulting in cuts in wages and welfare programmes and tax increases, which have eroded family incomes and domestic demand. Meanwhile small and medium-sized enterprises struggle to find credit and where it is available interest rates are high (currently 5.5% compared with 2% in Germany).

Portugal has 10 business angel networks (BANs) covering the whole of the mainland (there are no active BANs in the islands of the Azores and Madeira). Some networks act at a national level, but the majority are regional BANs. In an effort to stimulate business angel investment activity government has introduced two specific measures to support business angels in Portugal. First, the launch at the end of 2009 of the Business Angels Co-Investment Fund, and second, the 2010 State Budget approved 20% tax relief for business angel investments. In 2007, through Law 375/2007, the Portuguese government had already approved the specific legal framework for BAs in Portugal.

### Methodology

The paper is based on a survey of business angels in Portugal. The invisible nature of business angels and the difficulties that this poses for research have been well-rehearsed. Following the approach of several other studies, angels were contacted via BANs and invited to complete a questionnaire. This generated 59 usable responses. A further 30 responses were obtained from BAN meetings held in various locations throughout Portugal.

### Findings and Implications

The evidence indicates a modest level of investment activity by respondents over the crisis years (2008-13). Angels made an average of less than one investment a year with amounts totaling

€100,000 to €250,000. The effectiveness of government interventions to support angel investment activity has varied. Support for business angel networks and co-investment funds have produced positive results whereas tax incentives and the creation of a specific legal framework for BAs appear to have had a weak impact. Respondents advocated the retention of business angel network support and co-investment funds, proposed changes in tax incentives and recommended the introduction of additional initiatives, notably educational programmes and targeting women and young people to become business angels.

This study confirms both that business angel investment activity occurs even in situations of extreme economic crisis and that government intervention to support angel investing can have a positive impact. However, the different types of intervention vary in their effectiveness. Other countries can learn from the Portuguese experience in three ways: the types of interventions that have the most and least impact on stimulating angel investment activity, the link between design and the effectiveness of incentives, and types of intervention that should be considered but have not been implemented in Portugal.

# HIGH GROWTH FIRMS IN A PERIPHERAL REGION: THE CASE OF SCOTLAND

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## CONTEXT AND AIMS

Creating jobs is the priority for governments as countries seek to move from austerity into recovery. But where will the jobs come from. In contrast to previous recessions, where the emphasis was on business start-ups and small businesses, it is high growth firms (HGFs) that are being seen as the key driver of economic development and job creation. This paper questions whether this policy will be as effective in peripheral regions.

## LITERATURE REVIEW

A recent meta-analysis of prior empirical studies concluded that “a few rapidly growing firms generate a disproportionately large share of all net new jobs compared with non-high growth firms. This is a clear-cut result... [T]his is particularly pronounced in recessions when Gazelles continue to grow” (Henrekson and Johansson (2010, p. 240)). A UK study covering the period 2002-2008 found that HGFs represented about 6% of the total number of businesses but created 54% of all net new jobs in the UK (Anyadike-Danes *et al*, 2009). As Storey and Greene (2010, p. 208) observe: “there is little doubt that small businesses that become middle-sized and ultimately large businesses, over a comparatively short period of time, are central to economic prosperity.... Ultimately, the ability of a country to nurture the growth of such businesses is probably *the* most important element in enterprise development.” This evidence is now being reflected in the enterprise policies of a number of countries which are shifting their emphasis from promoting business start-ups towards an increasing focus on promoting HGFs

However, at present there are two significant deficiencies in the evidence base on HGFs, the effect of which is to question whether supporting such firms holds the same prospects for success in all regions. First, much of the research on HGFs has been based on the aggregate analysis of business databases (both official and commercial) and it is not clear how employment is attributed across multi-establishment, multi-regional firms. Second, little of this research has adopted an explicitly spatial perspective. Quantitative studies typically adopt a national perspective, while most qualitative studies have not explored the influence of firm location on the characteristics of HGFs. More generally, Audretsch (2012) has highlighted a ‘paucity’ of research concerned with the locational determinants and dynamics of HGFs.

## METHODOLOGY

These issues are addressed in a study of HGFs in Scotland, a small peripheral region of the United Kingdom with a population of 5 million. The study is based on a combination of quantitative and qualitative (interview) evidence.

## RESULTS AND IMPLICATIONS

The origin and characteristics of Scottish HGFs differ in a number of respects from the stylized facts in the literature. Scottish HGFs create less employment than their counterparts in other UK regions. Most Scottish HGFs have a significant physical presence outside of Scotland, thereby reducing their regional ‘footprint’ and job creation impact. Scottish HGFs appear to have a high propensity to be acquired, which increases the likelihood of head office closures. The evidence – which has applicability to other small, peripheral regional economies - challenges some of the basic tenets of these high growth policies being pursued in Scotland and elsewhere.

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## Abstract

Track Title: Small Business Management

### One more time: why it is important to define the small enterprise

**Aim of the Paper** – The purpose of this study is to examine the problem of how to define “small enterprise”, a generic term we use to describe small businesses, small to medium enterprises (SMEs) and related entities. This question has been studied off and on for decades but has not yet been adequately resolved. A wide range of definitions continue to exist that use number of employees, annual turnover, rate of growth (e.g. “Gazelles”), level of internationalisation (e.g. “Born Global”), level of R&D intensity (e.g. high-tech), age (e.g. start-up, mature), ownership (e.g. family business), ethnicity (e.g. indigenous enterprise), location (e.g. home based) and focus (e.g. social enterprise). While some agreement has been reached over the definition of specific categories, these tend to be the outliers rather than the majority of firms. While there is unlikely to be an overarching definition of what a small enterprise is, the lack of clarity around the way in which such firms are defined has significant implications for both academic research and government policy. A lack of appropriate definition impacts negatively on research as it can distort findings (Headd and Saade, 2008). It can also cause problems with the development of government policy due to paucity of measurement and lack of comparability of statistics (OECD, 2004; Productivity Commission, 2013). This paper offers a framework for approaching the definition of the small enterprise with recognition of the need to use appropriate definitions for specific situations rather than a single, often simplistic definition.

**Background Literature** – A review of the academic literature suggests that there is no single, universally accepted definition of a small enterprise (Storey 1994; Tonge, 2001). Further, the number of academic studies that have attempted to specifically address the definition of small enterprise is relatively small. Academic papers focused on small enterprises don't always precisely define them. In some cases they use official definitions of a quantitative nature (e.g. Audretsch 2002; Al-Qrim 2005), or unofficial definitions of this kind (e.g. Avermaete et al. 2003). Other studies use qualitative measures, mostly of an unofficial nature specific to their studies (e.g. Baños-Caballero, García-Teruel, and Martínez-Solano 2010; Autio and Lumme 1998). These can rely on multidimensional quantitative measures depending on the focus of the research. More rarely they use complex qualitative definitions including several criteria like structure, range of products, role of the manager (e.g. Appiah-Adu and Singh 1998). Many official definitions vary by country or jurisdiction (e.g. European Union, OECD).

Past research has attempted to specifically address the definition of a small enterprise (e.g. Bolton, 1971; Beddall, 1990; Brooksbank, 1991; Lattimore et al 1998; Forsaith and Hall, 2001; Holmes and Gibson, 2001; Tonge, 2001; Breen, 2004; OECD, 2004; Murphy, 2005; Kenny, 2013). Many of these studies have not been published in the academic literature as they have been undertaken by government or international agencies. Some academic papers have highlighted the difficulties caused by this lack of precision in definition and also their consequences in terms of the validity of results (e.g. Brooksbank, 1991; Murphy, 2005; Ayyagari, 2003; Headd and Saade, 2008). Government studies also report such difficulties, seeking more clarity and uniformity in definitions, so as to assist in the targeting of policy, legislation and support programmes (e.g. Bickerdyke and Lattimore, 1997; OECD, 2004; Clark et al, 2011; Productivity Commission, 2013). They sometimes commission research programmes in order to explore this issue and receive recommendations (see Holmes and Gibson (2001).

In this study the extant literature is reviewed in order to provide a foundation of means by which the concept of small enterprise has been defined. This includes works that examine the nature of small enterprise as opposed to entrepreneurship (e.g. Breen, 2004; Torres and Julien, 2005). This leads to a tentative framework for classifying small enterprises that can be useful in guiding research and policy.

**Methodology** – Our methodology builds on earlier research into classification systems for SMEs (e.g. D'Amboise and Muldowney, 1988; Julien, 1990). A three-stage methodology originally developed by Webster and Watson (2002) is employed. We examine literature relating to both the studies seeking to define and classify small enterprise, and a cross-section of papers published in the academic literature within the past 5 years that specifically investigate SMEs. The purpose of the literature review is to examine how small enterprises have been defined and classified. In addition, our analysis of the literature will examine how academic research has used such definitions.

**Results and Implications** – The study shows that the lack of definition remains a critical issue, for research and policy, for example the uses of inappropriate or simplistic definitions are not uncommon. Further, there remains a need for a framework that can assist in classification of small enterprises based on the purpose for which the investigation is being undertaken. For example, as no universal definition exists, there must be agreed criteria for defining firms within particular contexts (e.g. financial turnover for taxation or profitability studies, employee numbers for HR or industrial relations, and R&D investment for innovation studies).

Our paper contributes an initial framework with definitions that can be used to guide such research or policy usage. This is offered to assist researchers and policy makers to reach a consensus over how and why small enterprises can be classified depending on specific contexts. This preliminary work is of an exploratory nature and we anticipate that in further research we will test the framework using datasets available from government statistical repositories. Implications for future research, policy and practice are discussed.

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# **Do you see what I see? A case study of Kenyan Women on the Role of Culture and Entrepreneurial Skills on Opportunity Recognition**

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Key words: Gender, Opportunity Recognition, Culture, Entrepreneurial Skills

**Track Title**

Gender

**Paper Title**

Do you see what I see? A case study of Kenyan Women on the Role of Culture and Entrepreneurial Skills on Opportunity Recognition

**Aim of the Paper**

Few studies have compared culture and entrepreneurs skills as dynamics of women in business. Furthermore, most of the existing literature focuses on the negative aspect of culture on female entrepreneurship. This study aims to offer a new perspective on the kind of cultural aspects that aid women entrepreneurs in developing economies.

**Background Literature**

Studies have shown that personality traits and personal circumstances lead to an entrepreneurial climate necessary for formation of a new venture (Mueller & Thomas 2001). Among the traits of an entrepreneur, Opportunity identification has been acknowledged as the key entrepreneurial capability (DeTienne, & Chandler, 2007). Among the various social-economic factors (employment status, income, age, education, culture and gender) culture acts as the underlying framework (Minniti & Nardone, 2007) since it contributes to shaping entrepreneurial values and attitudes (Mueller 2004).

While tackling women entrepreneurship, there's a consensus that due to the primary role that the woman has played in the home and family, a number of challenges that her business encounters are similar across cultures. However, in investigating women entrepreneurs in nations that are dominantly patriarchal, the extent to which women participate freely in entrepreneurship activities is determined by the ethnic cultural atmosphere (Mungai & Ogot, 2012). Women in developing countries are usually excluded from the labor market and choose to start a businesses as a result of being less educated or confined to roles that require them to work within the home (Langowitz & Minniti, 2007) However, while some of these cultural confines may appear as limiting the women, they actually serve to generate opportunities into a "restricted market". As Mueller & Thomas (2001) further note, some cultures might be more aligned with an entrepreneurial orientation as a result of reinforcing certain personal characteristics.

If this is the case, does culture negate or enhance the effect of entrepreneurial skills in growing an enterprise? In developing economies and specifically in situations of poverty, are there specific cultural practices that aid the formation of female enterprise?

**Methodology**

The study is an exploratory analysis constructed on the social capital framework. We hypothesize that culture enhances entrepreneurial skills in opportunity recognition. Data was collected from women micro entrepreneurs in Kenya belonging to various microfinance groups. The interviews used open ended questions which are transcribed and closed to measure various cultural constructs. The study also draws its conclusions from peer review journals.

**Results and Implications**

While the general bias of women in Kenya is that they take up 'male characteristics' to succeed in business, it is common to find that some women from particular ethnic groups in Kenya are able to identify and grow successful businesses. This study hopes to shed light on these positive aspects of culture that positively impact on entrepreneurial characteristics. The study seeks to advance the paper by (Mungai & Ogot, 2012) which compared individuals from four ethnic groups in Kenya and investigated the cultural factors that affect gender involvement in entrepreneurship.

This study primarily contributes to the body of knowledge in developing economies on the positive effect of ethnic culture on enterprise. In addition it helps policy makers understand to what degree specific action can be taken to overcome bias for a minority group.

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## **E-Transactions and Management Accounting Practices of Kenyan Manufacturing Companies: A Literature Review**

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### **Abstract**

In the past decade researchers have suggested that the use of e-transactions in business has been increasing steadfastly. This phenomenon may be attributed to a number of operational benefits like cost reduction, improved product quality and better customer care. Unfortunately e-transactions have on the other hand increased electronic fraud and other electronic-enabled business consequences including data theft. While this problem exists in any organization, big or small, it is worse for small manufacturing companies that may not have adequate resources to deploy detection and prevention mechanism. Moreover, in a country like Kenya, the increased use of e-transactions and m-transactions in business operations make consistent record keeping difficult and sometimes impossible. This has serious implications on the accounting process. Contemporary researchers in accounting have raised questions over whether the scope of accounting research has been too narrow to provide the longer-term solutions of modern enterprises. Criticism has also been leveled at the failure of academic research to provide an effective critique of the key assumptions and practices underpinning the prevalent economic and business models. Among the key criticisms has been the failure of accounting practices that these models advocate. The increasing use of mobile and electronic transactions has magnified the failure of these models and overblown the problem to both the taxman and the business manager. Additionally, the involvement of a revolutionary emerging technology such as mobile and electronic transactions is the subject of considerable debate for both academia and practitioners. Prominent market observers have alleged that out dated and flawed accounting practices contributed to the crash of the Internet-led high-tech bubble of the late 1990s. Shockingly there is lack of research on the impact of e-transactions on management accounting practices in enterprises in general and in particular in small and medium manufacturing companies, and more so in Kenya.

### **Aim of the paper**

This paper provides a comprehensive and systematic review of the literature pertaining to the impact of e-transactions on the management accounting practices in small and medium manufacturing companies in Kenya in order to ascertain the current "state of play" of the field along a number of dimensions.

### **Background Literature**

Previous research on management accounting practices, such as cost accounting and performance measurement systems has resulted in a lot of debate in the US in practice and scholarly literatures during the 1980s and 1990s. This debate highlights the problem inherent in the present-day management accounting practices due to their failure in the contemporary business environment. The debate over the changing nature of management accounting has been supported by a wide range of research, whose findings are not constant and sometimes, conflicting. The business environment has undergone significant changes due to

globalization and developments in information and production technologies resulting in significant changes in the management and organization of companies. These changes which have been triggered by global competition and technological innovation, have led to innovations in the use of financial and nonfinancial information in organizations. The new environment demands relevant information and data about costs and performance within the organization's activities, processes, products, services and customers. The management accounting field has been radically and indirectly affected especially its information functions within an organization. The changes have generated the need for management accounting to shift concern from its traditional preoccupation with numbers and accounting measures and instead focus on value addition and integration within a company. Growing evidence suggests that mobile commerce adoption is not optional for growing small and medium manufacturing companies but a prerequisite for competing well in markets. Mobile and electronic transactions bring better efficiency; enable businesses to diversify business strategy, and to embrace globalization. However, the widespread adoption of mobile and electronic commerce in the manufacturing sector has raised concern as small firms have long been recognized for limited resources and capabilities than larger firms. The emergence and increasing popularity of these mobile and other electronic services is shaping the e-commerce culture and driving requirements for a comprehensive electronic commerce environment which includes accounting. Consequently, regulatory structures that are in place to deal with the traditional transactions are likely to be tested by the uptake of the electronic commerce and the use of the internet. It is acknowledged that appropriate accounting information is important for a successful management of any business whether large or small and whether using traditional methods of carrying out its transactions or using electronic transactions.

Although globalization, new computing technologies, rapid pace of technological change and the increasing complexity of business have contributed to the development of new management accounting techniques all over the world, some previous studies suggest that some companies perceive new management accounting practices to be less important than traditional ones. The findings of these studies indicate that the usage level of sophisticated management accounting techniques is unsatisfactory and that there is need for improvement in the management accounting practices to keep pace with the changing management accounting environment particularly in the current era of increasing mobile and electronic transactions. Prior research states that as electronic commerce increases, it is bound to profoundly change accounting information systems and professional practices in auditing, financial reporting, management accounting, tax accounting, forensic accounting and business intelligence and counter intelligence. Many of these developments will be affected by future legal changes relating to electronic transactions, on-line contracts, and intellectual property rights. The management accountant must therefore be proactive and provide the necessary information to deal with the changes that are taking place globally and in the firm and more so in the manufacturing sector. Consequently, regulatory structures that are in place to deal with the traditional transactions are likely to be tested by the uptake of the electronic commerce and the use of the internet.

### **Methodology**

Through a literature review on existing articles on e-transactions and management accounting practices, published in peer reviewed journals between 1985 and 2013, this paper examines the extent to which traditional and contemporary management accounting approaches are being used in Kenyan small manufacturing companies, and the impact of the prevalent electronic transactions practices

### **Results and Implications**

Overall, the evidence reviewed suggests that the use of contemporary management accounting practices is lacking in the Kenyan Small and medium companies. The use of traditional management accounting techniques remains strong which increases fraud.

Results of this research may have implications for management accountants, researchers, journal editors, reviewers and universities.

**Keywords:** electronic transactions, mobile transactions, management accounting, practices, small and medium companies

## ICSB Abstract Submission

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**Track Title:** Policy

**Paper Title:** Assessing the influence of software and engineering firm contingencies on Sectoral System of Innovation (SSI) fit in Ireland.

**Aim of the Paper:** The research seeks to examine whether the current conception of innovation policy in Ireland adequately reflects the realities of the firm. It analyses what is known about SME innovation based on microeconomic conditions related to age and strategic aspiration in parallel with the macroeconomic conditions conferred by the innovation system. More specifically, it aims to uncover whether the selected contingencies are more or less conducive to productivity and growth based on the fit of system dimensions to firm configurations.

**Background Literature:** In knowledge-based economies, identifying the factors that shape firms' abilities to generate and commercialise innovation is of central concern to entrepreneurs, policy makers and academics. As managers strive to align their organisational resources and practices with firm performance, governments work to facilitate innovative potential through myriad structural and policy initiatives in the aim of fostering jobs, economic growth and sustainability.

While the common infrastructure sets the context for innovation in an economy, it is ultimately firms, influenced by their microeconomic environments, which develop and commercialise innovations (Furman et al., 2002). Empirical studies following the Resource Based View (RBV) suggest that firm specific factors dominate industry effects in driving performance, this is further supported by data indicating greater variations within than between industries (Rumelt, 1991) demonstrating in many cases, that industry-wide factors matter less than firm-specific dynamics (Hawawini, Subramanian and Verdin, 2003). However, system-specific assets appear to have a significant influence on the availability of firm-specific resources (Saxenian, 1994), creating the potential for unearned advantage and, more problematically, disadvantage.

Drawing on the Systems of Innovation (SI), firm age and strategy literatures, this research proposes a distinctive analytical approach to identifying how firm contingencies might impact environmental fit. While there is a substantial and growing body of literature in relation to the systems, age and strategy domains, there is scant research on the interrelationships between them.

**Systems of Innovation:** The dynamics of National Systems of Innovation (NSI) are a source of significant academic and policy interest, particularly in cases where framing conditions may be insufficient to support or sustain innovation-led growth. Accepting that failure is an intrinsic consequence of the innovation process (Dodgson, Hughes, Foster and Metcalfe, 2011), SIs can be evaluated and improved based on informed analysis and policy application to promote more adaptive responses. While the state plays a pivotal role in how systems of innovation function, the firm ultimately determines their overall efficiency (Furman et al., 2002; Peters, 2006). Underscoring that interplay, Lundvall (1992) characterizes the core facets of the system as 'social' - reflecting learning as a process - and 'dynamic', incorporating positive feedback loops and reproduction.

**Firm Age:** The mainstream innovation literature recognises the need for the continuous renewal of organisations in dynamic environments, yet limited explicit attention has been given to the question of how fit with the innovation system may change over time (Daneels, 2002). Age variables exhibit consistent and significant relationships with firm performance (Pugh, Hickson, Hinings, & Turner, 1968), although very early stage new ventures present weaker evidence of such effects (Baum and Locke, 2004; Low and MacMillan, 1988).

Paradoxically, as firms age, their core capabilities have been shown to both enhance and constrain innovation. Age is frequently associated with increased rates of innovation, but the challenge of keeping in step with external developments can cause firm outputs to obsolesce or at least decline in value relative to current demand (Sorensen and Stuart, 2000). As start-ups grow, mature, and develop, their innovation processes frequently lose pace with market developments, with the result that they may become vulnerable to the same problems that gave them their initial advantage (Freeman and Engel, 2007).

**Strategic Aspiration:** While institutional theorists stress organisational inertia and dependence, strategic choice theorists give primacy to managerial autonomy and adaptability (Aldrich and Ruef, 2006; Aldrich, 2008). Firm strategies in any period are therefore related to the market position of the business, the characteristics of the entrepreneur, the aspirations of the company and the operating environment. Lundvall (1992) cites strategy as fundamental to firm learning, second only to consideration of economic structure. Expressing a contrarian view, Child and Kieser (1984) observe the tendency to interpret organisational development in terms of strategy but raise the possibility that development takes place independently of strategic moves, merely 'as a function of time' (p.44). One defining characteristic is that no two firms innovate identically. Lundvall (1992) asserts that taking advantage of the environment for innovation is not routine given that companies based in the same location demonstrate significant variations in output, as they are shown to navigate the same environment with very different strategies (Child, 1972; Miles & Snow, 1978; Miller & Friesen,

1984; Miller, Droge and Toulouse; 1986). This view is particularly pertinent to the comparative study of SSIs and the influence and impact of strategic aspiration.

**Methodology:** A three-phase mixed method analysis was employed. Based on a convenience sample, Phase 1 of the study consisted of exploratory system analysis including data collection and inference based on in-depth interviews supported by a loosely structured topic guide. This involved re-conceptualizing the system of innovation in the participant perspective. Employing an aged-based stratified sample, Phase 2 consisted of dual-sector semi-structured interviews incorporating inferences from the preceding phase. Using dual sector, single stage, self-administered e-surveys, Phase 3 provided the basis for the generation of new data. Final meta-inferences were made on the basis of the confirmatory or dis-confirmatory (Tashakkori and Teddlie, 2002) age and strategic contingencies determined through the survey – supported by the interview data.

### **Results and Implications:**

System fit was measured against five firm configurations, three in respect to age (young, mature, adolescent) and five in respect of strategic intent (maximising: growth, profitability, technological superiority, exit value or longevity).

Software SSI: With respect to age, mature software firms perceived the SSI as offering the least fit, compared to their young and adolescent counterparts who expressed lesser difficulty with access to funding and contention for talent with foreign multinationals. With regard to strategic aspiration, firms aspiring to maximise technical superiority along with those seeking to maximise profitability perceive poorest fit with the sectoral system, with particular emphasis on the limited availability of technical talent, due to niche crowding (Aldrich, 1999).

Engineering SSI: With respect to age, young engineering firms perceived the SSI as offering the least best fit, compared to their adolescent and mature counterparts. With regard to strategic aspiration, those firms aspiring to maximise their technical superiority perceive least fit with the sectoral system.

The research provides a more nuanced interpretation of SSIs including temporal and strategic dynamics and associated asymmetries which may affect growth. SI researchers recognise key sectors as the innovative engines of the economy, backed by the understanding that institutions supporting technical advance in one field may not support innovation in another. The framework approach adopted responds to criticisms that SI theory is in need of more dynamic models (Edquist, 2006; Lundvall et al., 2009). Ends

## **A Consilience Framework: Revealing Hidden Features of the Independent Contractor**

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**Keywords:** contractors /Independent professionals (IPros) / consilience / microbusiness/ taxation / statistics

**Track:** Theory & Methodology

**Title :** A Consilience Framework: Revealing Hidden Features of the Independent Contractor

**Aim:** This paper presents the results of a consilience framework we have developed and tested to reconcile the varying definitions, methodologies and purposes of the data collected on independent contracting. The results are a dynamic and multilayered profile of the self employed independent contractor as seen through labour market statistics, taxation office liabilities and marketplace consumer. There is strong evidence that independent contractors are a dynamic, entrepreneurial and complex group that defy many of the age, gender and industry stereotypes that law and policy makers confine them to. While our initial results are confined here to Australia, the challenge to established systems of legal, social and government regulation is world-wide. We conclude that the sooner we accept the reality of these moves and examine what they really mean, the sooner these challenges can be answered and opportunities realized.

**Background Literature:** This paper is set within the context of a larger world of work and significant global trends towards a restructuring of the employment relationship, with increasing numbers of organizations moving away from providing “standard” or ongoing employment relationships - towards an increased reliance upon individuals working in contractual arrangements (EWCS, 2010; Smith & Neuwirth, 2009; Voss et al., 2013). This growing organizational practice of engaging contractors fundamentally changes the traditional relationship of employment to one where labour becomes a “variable” rather than a “fixed” operating cost and allows organizations to hire and discharge workers on the basis of which skills best match current staffing needs, with little attention to concerns such as seniority or tenure. There is also suggestion that contracting growth represents a concerted response to national labour laws which limit the employer’s ability to terminate traditional employment contracts (Kalleberg, 2011; Standing, 2011).

These changes are accompanied by a growing complexity in employment forms. This is especially marked in the UK, with many independent professionals working through employment agencies, umbrella companies and other structures often designed to maximise fiscal benefits and enhance income (Wynn, 2013). These ‘multilateral’ relationships have served to intensify the problems over definition and classification referred to above. Such practices have also led to ‘cat and mouse’ activities by enforcement authorities as well as generally obfuscating further the nature of self-employment. While employer needs are often driving the global change agenda, there is just as clearly the opportunity for coalescence with individual entrepreneurial aspirations (Kets de Vries, 1996; Elfving et al, 2009). What is known about contractors at a global level reveals much commonality in aspiration, work experience etc but also contrasts in terms of the actual incidence of self-employment etc across various states, even ones quite similar economically, and in terms of regulatory responses to them (Casale, 2011; Dettmers et al., 2013; ILO, 2011; Wynn, 2013).

Overall, contractors form one of the most articulate, the most inadequately researched yet also probably the most entrepreneurial and innovative arrangements within self-employment (Hoque et al., 2008; ; McKeown & Cochrane, 2012; OECD, 2010). Broadly characterized as individuals who sell their own services or skills, they are often championed as a positive development representing increasing entrepreneurship (see for example the ‘futurologist’ writers of the 1990s Rifkin, Handy and Bridges). Generally, the people we are talking about are highly skilled, well paid, mobile, rather than the ‘sham’ arrangements that colour much of the literature from social scientists (Wynn & Leighton, 2006). However, there is a dark side such as heightened stress from the pressure to continually secure work as well as the need to regularly update skills to retain employability (Barley and Kunda, 2006; Pink, 2001). The tensions highlight key questions - is working independently sustainable for either individuals or organisations and just who does work this way and why? While we see contracting as an entrepreneurial, innovative area, the reality it is often overlooked or seen as simply a problem - for taxation, law and social protection (Leighton & Wynn, 2011).

**METHOD:** Any attempt to understand the independent contractor sector means adopting an approach that moves beyond simply interrogating existing data and research into this population – driven mainly by the fact that such sources are not only limited but also very scarce. As will be shown below, data on independent contractors in Australia has only been available at a national level since 2008. Taking a more generous view and expanding the search into the language of the micro business owner or the self-employed sector provides a wealth of data. The problem with this wealth is that the data available has been collected from a variety of perspectives and reasons with the intended use providing both constraints and opportunities. This is where the notion of the consilience framework suggested by Elfving et al (2009) provides a means of aligning and acknowledging views from across and between disciplines. The issue is whether this data can be reconciled to ensure, despite the terminology, that it is all focused on the same population. The second issue, which may well underlie

the first, is to keep in mind the reasons that the data under investigation was gathered in the first place. Further, a consilience approach allows us to set a multi-layered view of the independent contractor/ micro business owner/ self employed person important in terms of them as:

1. Workers - who work for a living but are not employees;
2. Businesses - in that they engage in business, but are qualitatively as well as quantitatively different to a large or even medium sized business.
3. Consumers - in that they buy, use and consumer products and services but they are different to other consumers in that they also produce products/services;

The Consilience Framework draws together three of the largest databases available in Australia which deal with the population known either directly or indirectly as the independent contractor.

**RESULTS:** Our study reveals strong evidence for the view that independent contractors are a dynamic, entrepreneurial and complex group that defy many of the age, gender and industry stereotypes that law and policy makers confine them to. The demographic and psychological profile we have found through applying a consilience framework reveals individuals who are highly skilled, self reliant and likely to reject the notion of getting a "proper job". While our initial results are confined here to Australia, further research emerging internationally, supports the view that legal, fiscal and psychological tensions around "new" self employment are world-wide challenge to established systems of legal, social and government regulation. Yet, the increasing global move to entrepreneurial activities also represents a future where individuals are increasingly confident and competent in organising their own employment. We conclude that the sooner we accept the reality of these moves and begin to examine what they really mean, the sooner these challenges can be answered and opportunities realized as sustainable development depends on, first, understanding of contractors and second, appreciating the regulatory framework and its impact.

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# **Industry Boundary Perspectives and Opportunity Recognition within Creative Professional Service Firms**

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**Key Words:** entrepreneurial orientation, creative industries, professional service firms, opportunity recognition, industry boundaries, professional identity

**Track Title:**

Small Business Management

**Paper Title:**

Industry Boundary Perspectives and Opportunity Recognition within Creative Professional Service Firms

**Aim of the Paper**

The aim of this paper is to extend insight into entrepreneurship within creative professional service firms (creative PSFs). Entrepreneurs within creative PSFs are both artists and professionals within a commercial organization. This peculiarity creates a dichotomy across firms within the sector depending on whether their capability development is more oriented towards developing novel or efficient solutions (Canavan et al., 2013) for their clients and this orientation is influenced by the driving motivations of the underlying entrepreneurs. Our preliminary research exploring entrepreneurship within creative PSFs suggests that entrepreneurs have varying perspectives of the boundaries of their industry. This is evident in the industry value chain relating to how competitive services are developed to address customer needs.

Our intuition guided by this preliminary research, together with calls by scholars within the field to explain how industry boundaries facilitate the recognition and exploitation of opportunities (Hoskisson et al., 2011) provided the basis for our study within the context of creative PSFs. Exploring this phenomenon within the creative PSF sector is particularly relevant and interesting because of the dichotomous conflict between art and business which enables richer theorizing and contextual insights to emerge through cross case comparison.

**Background Literature**

The phenomenon of entrepreneurial orientation (Ramachandran and Ramachandran, 1993) has become the focus of entrepreneurship literature for more than 30 years and is generally conceived as an organizational decision making tendency favouring entrepreneurial activities (Lumpkin and Dess, 1996). The assumption is that all firms exist along a conceptual continuum ranging from conservative to entrepreneurial (Barringer and Bluedorn, 1999, Covin and Slevin, 1989). However this explanation assumes that firms within a sector are homogenous and can be compared along a continuum. Within creative PSFs however heterogeneity exists in terms of how individuals perceive their profession and their industry, as suggested by the career identification literature (Ibarra, 1999, Thornborrow and Brown, 2009) and the individual motivation literature (Bennett, 2010, Bridgestock, 2011, Schein, 1990, Schein, 1996, Wils et al., 2010). For example, the entrepreneur within creative PSFs may identify with their profession in very particular ways and this may relate to career boundaries (Bridgestock, 2011) whereby he or she may perceive their career as more of a lifestyle choice common to other artists. They may alternatively hold a more pragmatic and traditional perspective of commercial enterprise, motivated by profit considerations.

Guided by this intuition and existing insights on heterogeneity within creative PSFs (Canavan et al., 2013), this study addresses gaps in our understanding of entrepreneurship by exploring how differing perspectives among entrepreneurs of their industry value chain can influence opportunity recognition and exploitation.

**Methodology**

While there have been many studies to explain entrepreneurial behaviour relating to opportunity recognition and exploitation it is not well understood how industry boundary perspectives affect the process. In particular given that creative PSFs exist at the crossroads between art, business and technology how entrepreneurs act within this dynamic requires particular consideration. We designed

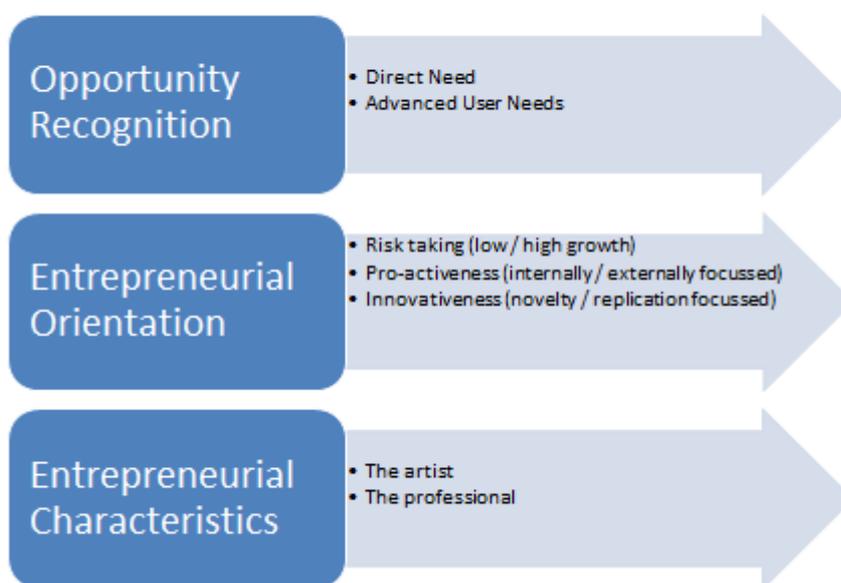
a qualitative study exploring the entrepreneurial process across a diverse sample comprising ten creative PSFs, selecting Irish architecture firms as our context. Architecture is a classic professional service (Von Nordenflycht, 2010) and a functional creative industry (UNCTAD, 2010). Other creative professional service sectors include advertising, fashion design, media production, graphic design and software development (UNCTAD, 2010, Von Nordenflycht, 2010). A multiple case study research design was particularly suited to the nature of this research (Eisenhardt, 1989, Welch et al., 2010, Yin, 1994). Our design adopted two units of analysis, the individual and the firm.

Once the empirical observations were identified and refined in our *first order analysis* we undertook a *second order analysis* to move findings to a theoretical level (Gioia and Chittipeddi, 1991). We adapted dimensions from the existing literature relating to entrepreneurial orientation (EO) (Covin and Slevin, 1989) to help explain the process. Following our second order analysis we formed our aggregate dimensions which identified the dichotomy existing within creative PSFs influenced by the behaviour of the key management. This enabled us to develop our framework explaining the entrepreneurial process within creative PSFs illustrated in Figure 1.

## Results and Implications

Our findings suggest that influenced by the characteristics of the entrepreneur the entrepreneurial orientation of the firm influences how opportunities are recognised (Figure 1).

**Figure 1: Opportunity Recognition Within Creative PSFs**



### *The Artist*

The Artist has a perspective of their role and function within society as a whole. Founders within these firms place high cultural value on their service suggesting that “when the architecture is gone, all the big communal belief they are all vanished, you know the evidence of it” (Beta #1). Despite this huge importance and value to society that the founders place on their service, they are not particularly high risk takers. The Artist is satisfied that a small impact in terms of volume of services can create a significant difference. They have no desire to manage growth in the firm and the loss of individual input that comes with that growth. Instead the Artist is highly selective in the work it engages in.

The Artist pays little attention to what its direct competitors are doing. Each project is treated as unique and the entrepreneur looks internally for creative ideas that create novel services. They are competing on the basis of artistic merit and put little effort into getting to know their competitors or

who they are competing with for specific service delivery. In this regard innovativeness comes from creativity involving the development of 'newness' into their service.

The industry boundaries for the Artist extend beyond the direct client need, but they are considering advanced users possibly extending to the general public.

### *The Professional*

Contrasting with the Artist, the Professional engages in a higher risk growth strategy, building its team and resources as opportunities arise. They are less selective in the services offered although these may be customized for particular markets depending on where the greatest opportunities exist. Entrepreneurs within these firms are comparatively high risk takers often investing their people and resources into markets that may take a long time to successfully exploit opportunities.

The Professional may be competing head on with others in their field to provide services that are not as highly differentiated as those of the Artist. Pro-activeness is focussed on activities in the external environment staying close to the ground through research and relationship building. Innovativeness for these firms is targeted on the ability to replicate a portfolio of services providing an efficient solution that addresses customer needs better than competitors.

The industry boundaries for the Professional relate to the more traditional interpretation of the value chain extending to the direct need of the client.

### *Implications*

Main Theoretical Implications: Industry boundaries and opportunity recognition by entrepreneurs.

Through the dimensions of entrepreneurial orientation (EO) (Covin and Slevin, 1989) we show the diverging approaches to opportunity recognition that creative PSFs engage in depending on their perception of industry boundaries. Our study contributes to entrepreneurship theory by showing that rather than existing along a continuum (Barringer and Bluedorn, 1999, Covin and Slevin, 1989) in terms of entrepreneurial orientation, firms within the same sector are also influenced by perspectives relating to industry boundaries which influences how they recognise and exploit new business opportunities.

Main managerial implication: The study shows a heterogeneous approach to developing entrepreneurial orientation within a sector influenced by key manager characteristics.

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**Key Words:** Franchising, Entrepreneurship, Enterprise Development, Clusters, Support Structure Environment, NFC.

**Track Title(s):** Small Business Management, Internationalisation and Different Contexts

## **Paper Title**

# **The Role and Effectiveness of the National Franchise Centre (NFC) as a Support Structure to Entrepreneurship in Ireland**

## **Aim of the paper**

Undoubtedly, it is imperative to place franchising within the existing support structure environment in Ireland. Franchising is a business model that enables businesses to scale and grow exponentially. It is perceived as a lower risk business entry mechanism due to various factors such as the inter-reliant business relationship between the franchisor and franchisee, strong effective franchise agreements/contracts and top-down support provided by the owner of the franchise. The National Franchise Centre (NFC) is the first third-level franchise education development centre in Europe focusing on enhancing national enterprise developments through supporting both franchise and indigenous start-up businesses. After a number of years in operation, it is essential to begin to measure the effectiveness of the NFC through the analysis of its participants and their subsequent entrepreneurial/business activities.

Ireland is currently experiencing an immense social challenge in the area of employment generation across increasingly impoverished communities. Promoting and improving the entrepreneurship environment at corporate and social levels is key to meeting this challenge. This highlights the importance of a 'hub' structure like the NFC, proactively focusing on nurturing local-level clusters of entrepreneurial behaviour. It is a core objective of the NFC to establish its model of operation within the Irish enterprise support structure environment and acquire national recognition for being a 'one-stop shop' for nurturing, fostering and growing Irish innovation, entrepreneurship and new business.

## **Background Literature**

Clearly, the core elements of the paper focus on the historical background and reason behind the creation of the National Franchise Centre. The NFC was established by the Limerick Institute of Technology in partnership with Limerick Chamber of Commerce in 2010 and now has three invaluable programmes: FAST, LEAP and Franchise START. Limerick Institute of Technology and Limerick Chamber of Commerce identified a strategic gap within the Irish enterprise support-structure environment, namely; the need to create a centre of excellence focusing on assisting franchise business developments. Franchising is an efficient method for many people with limited time and resources to take their first steps into the world of entrepreneurship. It therefore represents a business model that is particularly effective at creating an "entrepreneurial milieu" within communities and its value as a support mechanism is also exemplified by the fact that it can be applied across almost any industry sector. Severe unemployment and redundancy issues were also a major factor for the creation of the centre in Limerick. Due to the establishment of the NFC, a cluster has been created between education and enterprise development groups.

The theoretical basis for this paper can be found in the areas of: franchising behaviour in Ireland and internationally, entrepreneurship and enterprise development theory, cluster analysis and social enterprise theory. Therefore, authors across these areas (ranging from Schumpeter and Oakey to Porter, Basu and Altinay) have been examined, as well as relevant documentation from the NFC and enterprise development groups.

There is also a particular interest for those studying minority entrepreneurship. The importance of minority entrepreneurs for the purpose of this paper is that they closely fit the demographic profile of prospective

franchise entrepreneurs. As discussed by Basu and Altinay (2002)<sup>1</sup>, minority entrepreneurs are individuals who start a business but do not fit within the majority population. This can vary from the race, sex, religion, ethnic group of which they belong and language. At the NFC, the majority of the population with a relatively good financial backing and desire to succeed strategically fit this profile.

Furthermore, the examination of the existing Irish enterprise support-structure environment is a fundamental background element to this paper. A top-down structure illustrating the importance of specific strategic partnerships within this space has been adopted. The European Union (EU), the Irish Government and Support organisations/agencies are the key elements of this structure.

## Methodology

For the purpose of this initial study of both NFC participants and NFC activities, the methodology is necessarily a mixed method approach. In particular, a triangulated methodology that integrates the approaches devised by both Creswell and Yin<sup>2</sup> is applied and represented in figure 1 below

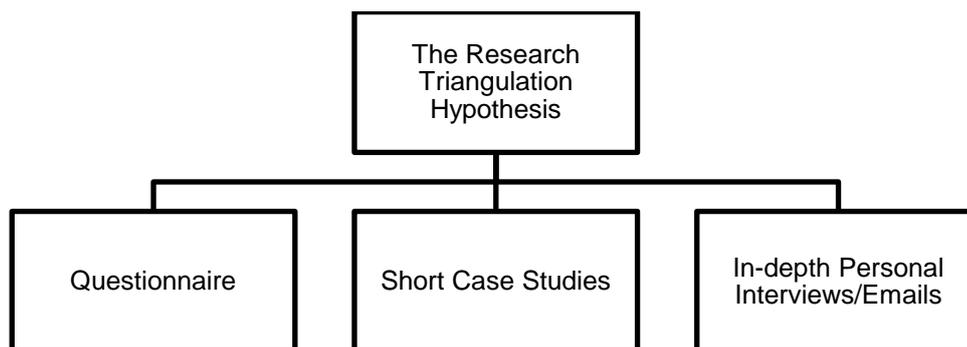


Figure 1: Research Methodology

The research is conducted on the first three cohorts of participants at the NFC (from the years 2010/11, 2011/12 and 2012/13) and a census is attempted which should naturally increase both the reliability and validity of the findings presented in the final paper.

The initial task is based on the collection and gathering of profile data on the participants through a survey. The questionnaire applies grouped Likert scales which measure attitudes to various aspects of NFC activities. The participant experiences, views and opinions of the NFC are imperative to this study. The second task is the presentation of short case studies of particular NFC participants that are chosen on a judgemental sampling basis. The short case studies incorporate successful and unsuccessful stories of entrepreneurs that have gone through the intense training programmes at the centre. This provides more in-depth exploratory data. Personal interviews with international experts in the field of franchising and entrepreneurship are conducted to inform recommendations for the future structures and activities of the NFC.

## Results and Implications

Determining whether or not the NFC can be scaled nationally and internationally as a successful enterprise support structure is a main purpose of the broader research from which this paper emanates. Therefore, the examination of how effective the centre is to the local and national business environment is of great significance. The methodology applied and the findings of such mixed method approaches will therefore inform all those interested in the successful broadening of Ireland's enterprise base. The paper will present a strong case for the multiple benefits that can be gained through the integration of franchising support into Ireland's enterprise support environment. These benefits manifest themselves as both a legitimate source of direct entrepreneurial behaviour (particularly amongst those who might otherwise not become entrepreneurially active) as well as a stimulus for creating indigenous entrepreneurial clusters.

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<sup>1</sup> Basu, A. and Altinay, E. (2002) "The interaction between culture and entrepreneurship in London's immigrant businesses". *Henley*, 432 pp. 1-31. Available at: <http://www.reading.ac.uk/web/FILES/management/432.pdf> [Accessed: 10th January 2014].

<sup>2</sup> Yin, R.K. (2008) *Case Study Research: Design and Methods: 5 (Applied Social Research Methods)*, Sage, UK; Creswell, J.W. (2013) *Research Design: Qualitative, Quantitative, and Mixed Methods Approaches*, Sage, UK.

## **Customer-Involved Business Model Development: Challenges for Globalizing SMEs**

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Key Words: Customer-driven innovation; open innovation; Hi-tech small and medium sized enterprises (HSME); business model; internationalisation; leverage.

## Track: Internationalisation

### Customer-Involved Business Model Development: Challenges for Globalizing SMEs

**Aim of the paper:** The paper aims to conceptualise the customer-driven business model development for becoming global by technology- and knowledge-intensive SMEs.

**Research objectives/tasks:** 1. Examining customer involving business model development framework enabling global breakthrough by Hi-tech small and medium sized enterprises (HSMEs). 2. Analyzing customer-driven globalizing business model conceptual framework for HSMEs. 3. Mapping framework of customer-driven global business model creation for HSMEs.

**Background literature:** Business model approach to business development has become the instrument explaining how new products – modern technological achievements have reached the market if combined with the right business model (Koen, Bertels and Elsum, 2011). The basic for the business model are questions about the customer and the value for customer, and also the way a firm makes money from that (Magretta, 2002). It is also generally agreed that a business model is not a strategy as established in practice by many authors (Hedman and Kalling, 2001; Magretta, 2002; Shafer, Smith and Linder, 2005).

User-driven innovation was first described by von Hippel (1976, 1978) who documented a number of cases where customers modified or adapted existing products according to their own needs before the industry did. A number of related concepts exist in the literature, including early customer integration (Gassmann and Wecht, 2005), participatory design (Mayhew, 1999), and user-centered development (Ketola and Ahonen, 2005). Grunert et al. (2008) further suggests a variation of the term – user-oriented innovation which is defined as a process towards the development of a new product or service in which an integrated analysis and understanding of the users' wants, needs and preference formation play a key role. Research, idea generation, product development and testing, as a new trend, in some cases are incorporated into the framework of special communities and approaches called Living Labs which is a relatively new human-centric research and development phenomenon in innovation studies. According to that approach new products are co-created, tested, and evaluated in the users' own private context. The Living Lab (LL) as "human technology" phenomenon can be viewed in two ways, as an environment or as an approach. Living Labs include users in the innovation process and give them a possibility to contribute and test new ideas, prototypes and final products. This is an approach widening the understanding of processes in open innovation system which gives a space and chance for collaboration between producers and customers and this way influence new product development (NPD) so that "products that fit customers' needs and financial resources are more likely to be identified. Living Labs bring producers very close to the actual every-day practices of people and enable them to learn about the needs and wants of people" (Koria, Berg, Välikangas et al, 2010).

The concept of the "born global" company (BG) for a rapidly globalising high-tech small and medium sized enterprises (HSME) has become quite popular, because internationalization of HSMEs is not fully explained by the more gradual U- and I-models, also known as the process models (McNaughton, 2003). BGs do not need to start in or focus for long on the home market, they may start globally, i.e. on other continents, from the very beginning. This approach is important for knowledge- and technology-intensive companies from very small open economy countries where the market is too small to feed R&D (push factor), while the demand of large global markets works as a real pull-factor (Luostarinen & Gabrielsson, 2004). But the concept of born global does not itself explain why and how some hi-tech small and medium sized enterprises (HSME) become global and some don't.

Some companies operate for a long time in the domestic market, but then after some event (a critical incident) globalise themselves; these companies are called "born-again global" (BAG) firms (Bell, McNaughton & Young, 2001) and their behaviour is defined as reactive (Bell et al, 2003). The shortcoming of the BG and BAG approach can be seen, which is that they do not expose the entrepreneurial process which takes place during internationalisation/globalisation. The entrepreneurial process includes (experiential) learning at both the individual (entrepreneur) and organisational levels (Corbett, 2005).

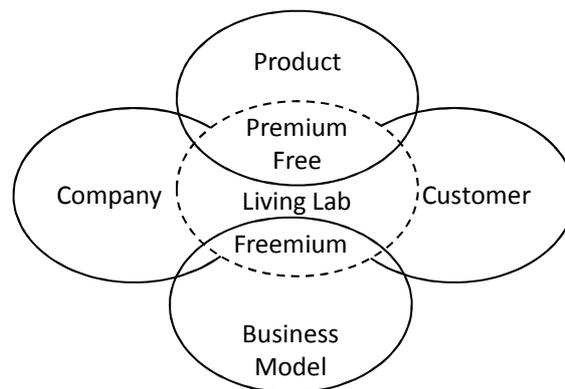
Leveraging intangible resources at the human level is achieved as a result of the multiple duplication of the working process, creating higher skills and performance along a learning curve, but it also means the initial creation and development of such skills and related competences. This points the need to analyse, is globalization in that process simply a global replication of the business model globally, or the business model itself is global. In the previous publication the author introduced three different business models for globalizing of SMEs based on the criterion of leverage: first, replicating local business model globally (for example: being subcontractor – a part of value chain of MNC in all its locations), second, having own sales-revenue channel in the Internet and/or mobile environment, and third, based on own specific sales-revenue channel – the so-called "freemium" business model. The crucial question is how these business models support building of trust and reaching global markets, and how the customer has been involved in the process.

**Methodology:** Theoretical approach includes open innovation and resource-based view on SME growth, business model, knowledge management and entrepreneurial learning framework. The method and "knowledge-market" framework for HSME globalisation trajectory were created. Case studies are used for

mapping the main factors affecting internationalisation of technology intensive SMEs in the “knowledge-market” framework.

**Results and Implications:** The business model and process of internationalisation as a trajectory of three different routes: BG, gradual and BAG were analysed. All three trajectories contain learning, which is more or less intensive at some moment and has different timing to company creation. The main result of learning is reaching a global business model, the way a firm will create value for all its stakeholders. Last trend appears to involve customers into product and business model development process. The main difference between BG and BAG is the moment of globalisation, but also the timing of the learning period. The processes are mapped on the example of 4-5 IT and biotechnology SMEs in Estonia.

Case studies to describe new trends in business model development in the framework of small countries have a limited scope only. Some companies represent “freemium” business development trajectory, where globalization starts from one concrete “free” product and after global breakthrough it is leveraged with wide range of improvements and additional “premium” functions with growing knowledge complexity of the product. In these cases the customers are solicited participate in evaluation and giving feedback for improvement via free “ready for use” product or service linking its product with “freemium” business model and general framework can be shaped as in figure below.



As understood above, BM and product development have reciprocal linkages to each other, and the process generally can be called business development. Results of the general framework and studies have practical implications for strategy, product and business model development of knowledge/technology-based international new ventures.

Main originality is related to identification of mechanisms and development trajectories HSMEs can implement, but also to the model combining consumer involvement, from idea generation to product/service concept tests in open innovation framework.

# Entrepreneurship in Germany

## The German fear against the entrepreneurial risk

### An elaborate Study

- Abstract for a paper to be presented at the ICSB 59 Annual World Conference in Dublin
  - Track: Policy

.Presented by: Dr. Hartmut – Heinrich Meyer  
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## The Abstract of the conference Paper

### 1. The Problem

In Germany there is a measureable trend that well trained professionals neglect the chances of entrepreneurship. According to recent reports by the Federal Office of Economics and Technology in collaboration with the Institute for Small and Medium Sized Companies Research (Institut für Mittelstandsforschung) in 2012 there exist a deficit of 24.100 enterprises in the number of companies comparing start-ups and closures of enterprises. If one analyses the structure of start ups, it is interesting to note that more than 40% of new entrepreneurs in Germany have got a migration-Background (see BMWI: Gründerland Deutschland June 2013). Other reports as the Gobar Entrepreneurship Monitor report too that Germany can be characterised by low business start-up activities. Germany as a whole represents only a minor role in any entrepreneurial activities. Even the Financial Times as well as other authors questioned if Germans fear the entrepreneurial risk and regard the job of an employed manager more achievable. (Anastassiou: Risiko 2007)

Following any economic theory and in particular entrepreneurial schools, this development will have sustainable implications for the German economy as a whole concerning its competitiveness and the resources for future innovations and employment. Reasons are expected in a favourable labour market in particular for well trained employees and university graduates. Also the known demographic change in Germany allows many professional a variety of attractive employment choices. These opportunities appear more risk-free and more profitable than taking up an own entrepreneurial venture.

The problem of denying entrepreneurship in Germany, however, may lead to substantial problems within the German economy. Currently about 71.000 small enterprises are looking for an successor within their families or externally (see successor web sites by the German Chamber of Commerce or reports by e.g. the Manager Magazin 2010). If one is only taking on average 7 work places into account, this would mean that about 500.000 work places are threatened. For the next years there are more than 200.000 small companies expected to follow. Hence there is an urge need in seeking for

the reasons of this development in Germany as otherwise we will find fundamental problems for the German labour market and regional distribution systems. This problem may have deeper impacts to the German economy as for example the financial crisis in 2009.

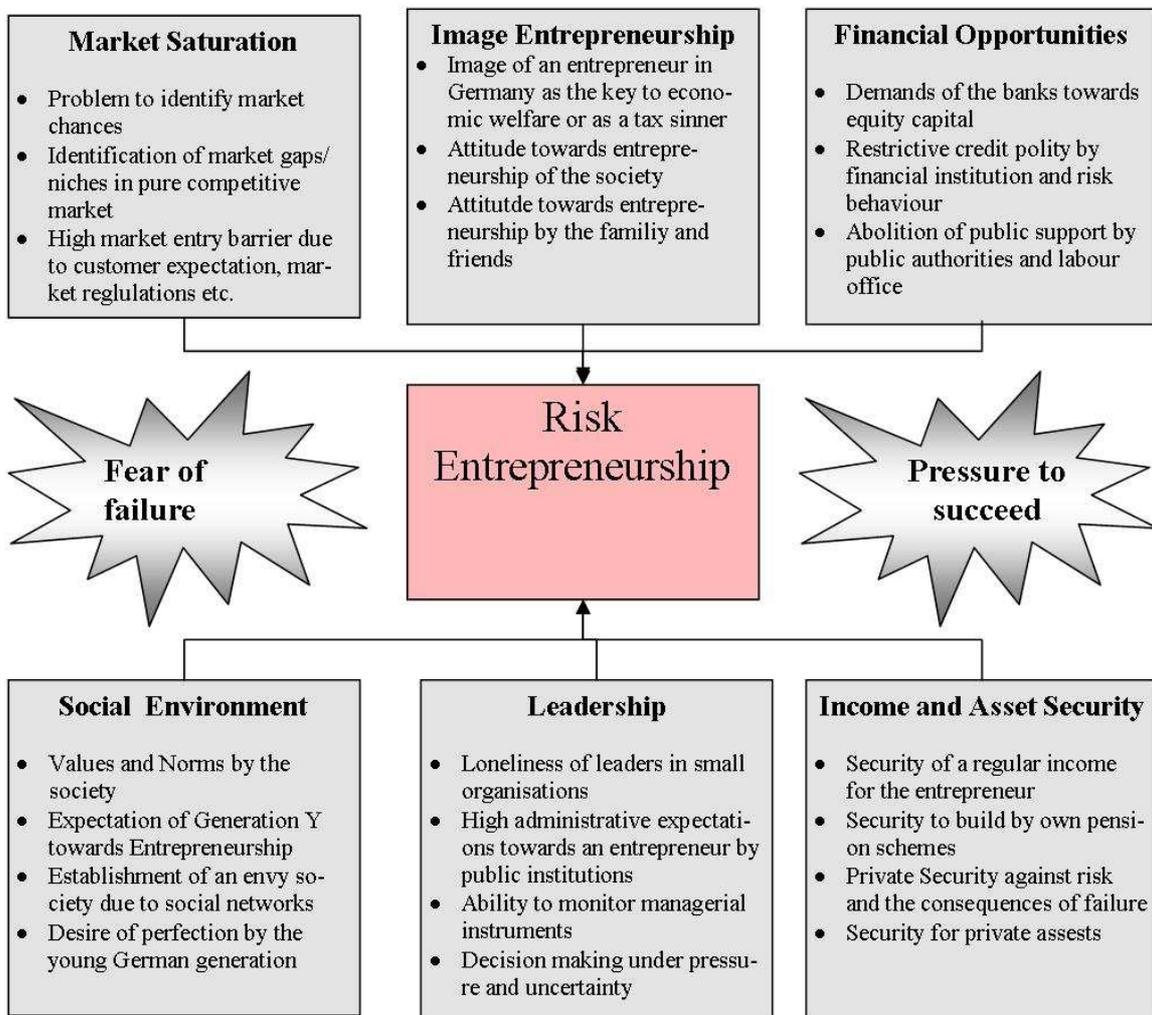
## 2. The Objective

The research is analyzing the Question:

### *Why Germans disregard the chance of entrepreneurship?*

The question tries to analyze the German attitude towards entrepreneurship. The objective is to determine and to measure the factors influencing the decision of becoming an entrepreneur. Thereby, the research is analyzing the problem in the following clusters:

**Figure 1: Cluster to define factors determining entrepreneurship**



In Detail the research questions are:

1. Which factors determine entrepreneurship?
2. What have been the consequences while the German labour office has abolished public support?
3. What is the image of entrepreneurship in Germany?

4. What is the attitude of the Generation Y towards entrepreneurship since entrepreneurship requires long term engagements?
5. Is entrepreneurship in well saturate and highly competitive economies possible?
6. Do highly regulated economies allow for entrepreneurship?
7. Does the German fiscal system support entrepreneurship?

As research questions may not be complete at this early stage of the research and further questions may be added in the course of the research. The objective is at the end to give policy makers as well as educational institutions some recommendations in order to foster entrepreneurship in Germany.

### **3. Literature and Methodology**

The literature and research in entrepreneurship has investigated a lot into the field of entrepreneurial personality, reasons for failure, value of public support and consultancy an so forth (e.g. Chell, Westhead, Klant, Gibb an so forth). These pieces of work were done during a period of high unemployment in Europe where entrepreneurship was a chance to find employment. On the other hand a lot of work has also done to investigate the reasons of failure for reasons of building up educational schemes and to deal with the consequences of failure (Institut für Mittelstandsforschung, Meyer and so forth). Other reports deal with entrepreneurial intensity within the countries (see different statistics of the Federal German Statistical Office, General Entrepreneurship monitor. These studies measure the entrepreneurial intensity but investigating not the reasons for chances. This research tries to fill up the gap while looking at the entrepreneurial intensity in a period of good labour market und highly competitive markets.

The results of the conference papers will rely on desk research, case studies and interviews. The objective of these first results gives a deeper insight of the problem and should lead to a questionnaire interviewing students, graduate of the vocational training scheme in Germany. Also some preliminary questionnaire shows clearly that most young professional feel the fear for failure and the fear to be bound up with long term engagements.

In a future step the research attempts to interview by written questionnaire prospective entrepreneurs of

- University graduates
- Graduates by the vocational master schemes
- Members of young professional networks as Xing

Herewith it is expected to find a wide variety in sampling as well as including particular well trained professionals who have the choice of a managerial position and entrepreneurship. The discussion at the conference may also give further insights in completing the methodology.

### **4. Preliminary Results and implication to policy makers and educational institutions**

The first results of the research show very clearly that Germans fear the consequences of failure with an entrepreneurial idea as well as the well organized financial support and consultancy system needs to be altered to the needs of young professionals and prospective entrepreneurs. More coaching arrangements need to be supported as well as more target group orientated information schemes.

In particular to abolishment of the support by the German labour office sets up a further burden in taking the first steps of entrepreneurship as well as the still creditor friendly insolvency legislation. Educational institutions should set up further entrepreneurial courses or classes in order to introduce young students the idea of being self-employed. In order to overcome image problems this schemes should start already at a very early stage. In order to foster entrepreneurship the idea of entrepreneurship needs to become a calculated idea including also the chances of disengagement without risk at any stage.

## **Logistic Pooling as a Sustainable Solution to reduce Logistics Cost.**

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Pooling, Collaboration, Logistic, Supply Chain, Sustainability.

**Track Title:** Sustainability or Firm Performance

**Paper Title:** Logistic Pooling as a Sustainable Solution to reduce Logistics Cost.

**Aim of the paper:** Manufacturing/production companies are seeking more and more ways of increasing their performance. Competition is escalating through price, quality, and satisfaction of client needs (Hitt *et al.*, 1998). While companies may be very aware of internal ways of saving resources or producing at a lower cost, the external supply chain might offer many other possibilities to reduce cost. This paper aims to illustrate a solution that small to medium size producers may adopt to reduce their logistics cost, make their supply chain more efficient and use a more sustainable way of organizing their logistics (Barrat, 2004; Simatupang and Sridharan, 2005). Logistics pooling is a solution some French manufacturers have adopted in the distribution market. This could be a model for production companies in Europe or in some parts of the world to face the challenges of a very new world in which firms compete now on: increasing energy costs, developing regulations, and more pressure from stakeholders (distributors, consumers). Pooling is also a component of a sustainable supply chains by reducing the number of trucks on the road and thus carbon dioxide emission and congestion on roads and highways (McKinnon and Edwards, 2010; Pan, 2010). Manufacturers can be open to developing this solution thanks to these arguments but also to reduce their costs, leading to a decrease in prices and therefore to a competitive advantage.

The pooling solution is not easy to implement for industrial companies and much more difficult when these firms are small and often with an internal logistics management. In this paper we show that producers have to make changes to the way they treat logistics processes and how they conceive their relationships with other industrial companies, often competitors.

**Background Literature:** Logistic pooling than can be defined as the co-design, with a common goal, of a logistic network with a shared objective to use of logistics resources (storage, transport, ...) by sharing logistics schemes (Pan, 2010). This definition is very general and will have to be adapted to different types of pooling. The term "co-design" involves a cooperation or collaboration between actors.

There is a paucity of literature written specifically on pooling. However literature on collaboration is numerous and will fit well to help explain pooling. In this case we focus on horizontal collaboration in the distribution sector, when two or more collaborative actors, competing or not, cooperate to share common resources (Barrat, 2004 ; Naesens *et al.*, 2009). The literature review also comprises competence-based theory to identify resources producers might have in order to implement pooling (Sanchez *et al.*, 1996; Sanchez, 2004).

To pool, firms have to develop inter-organizational interactions. Firms concerned with the pool in the distribution sector are manufacturers, distributors and third parties, as logistic service providers or consultants to eventually implement logistic pooling. Many papers were written on collaboration to define it and to distinguish many other concepts such as partnership (Lambert *et al.*, 1999), or strategic alliance depending on the degree of interaction of actors. A first step in linking pooling to collaboration is to study the degree of interaction between actors. Two cases might be distinguished: when producers are competitors, when they are not.

When they are competitors, this leads to a form of "coopetition" (Bengtsson and Kock, 2000), combining competition and cooperation, for competing firms. They forgive competition on a part of their supply chain (transport, storage, ...) and they still are competitors on other parts. Competition is no more inside of the truck or in the storage room but only on shelves in the supermarket. The concept of "cooperative coopetition" (Prévo, 2007) is particularly well adapted to pooling, since firms decide to go beyond competition to get involved in a cooperative behavior for a better profitable position. In this special case, a third party might be useful to keep some sensitive data away from any opportunistic behavior from the actors ("broker" in the sense of Miles and Snow, 1992). Third parties are opportunities for producers to collaborate in a more efficient way (Whiteoak, 2004) and might be mandatory to meet regulation requirements on cartels.

When manufacturers are not competitors, they might try to implement a collaboration on their own. To do so and to succeed in this project, some prerequisites exist to make the model as efficient as possible. These concern the type of product to pool, the perimeter of pooling and the internal organization of their supply chain. Organizational forms might have to be changed dramatically.

The research questions in this paper are as follows: what kind of logistic pooling can small and medium size manufacturers implement? How do producers use logistic pooling to reduce their logistics cost? What kind of advantages do they find in logistic pooling? How is pooling implemented and what are the organizational changes manufacturers (small and medium size) would need? Are producers ready for a new design of their supply chain?

**Methodology:** A case study approach is used, based on interviews of French manufacturers (medium size) and French distributors. They represent three French pooling cases. With a total of almost a dozen interviews, we explore also professional articles in three French professional logistics magazines to illustrate these cases. According to these pooling cases, we identify conditions for manufacturers to implement a successful pooling logistics project. The managerial impact is quite clear: allow small and medium size manufacturers to think of a new way of managing their supply chain, in particularly with practical elements for a successful pooling logistics project.

**Results and Implications:** The results from an empirical study and combined with the literature review highlight the different types of logistic pooling small and medium size producers can implement depending on their size, integration of logistics and degree of collaboration.

Also logistic organization for manufacturers has to meet some requirements to be able to fit a collaboration with one or more other firms. These changes will be discussed. We observe also resources manufacturers need to have to pool, such as information systems or adapted human resources. Finally, we identify obstacles producers have to face (internally and externally) to implement logistic pooling and make their supply chain more *sustainable*.

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ICSB Dublin 2014 Submission

Track: Internationalisation

**Internationalisation of Traditional Family Businesses:  
An Absorptive Capacity Approach**

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**Key Words:** absorptive capacity, Internationalisation, dynamics, family business, SME

## Aim of the Paper

This study examines the internationalisation of traditional sector Maltese small and medium-sized family businesses (SMFBs) through an absorptive capacity (ACAP) lens. We argue that extant explanations of internationalisation as entrepreneurial, dynamic and risk-taking behaviour do not adequately account for the involvement of SMFBs in global business. To this end, we extend the conceptual frame of absorptive capacity to SMFBs Internationalisation to examine the acquisition, assimilation and exploitation of internationalisation knowledge. Mapping the concept to a non-high tech context answers calls for broader operationalisation of ACAP beyond that pertaining to formalised knowledge and scientifically-related activity (Cohen and Levinthal 1989, 1990; Lane and Lubatkin 1998; Van den Bosch, Volberda and deBoer 1999; Easterby-Smith et al 2008). Focusing on SMFBs, this study also addresses an important gap in SMFB Internationalisation (Casillas and Acedo 2005; Fernandez and Nieto 2005, 2006; Casillas et al 2007; Kontinen and Oija 2010b).

## Background Literature

ACAP conceives the acquisition of external information and knowledge as enabling innovation (Cohen and Levinthal 1990). This dynamic capability involves a firm's ability to recognise the value of external knowledge, its acquisition, assimilation, and exploitation by applying it to commercial ends (Cohen and Levinthal 1990; Zahra and George 2002b). Increasingly the notion of ACAP is viewed as an emerging "concept that bridges the literature on dynamic capabilities and organisational learning" (Easterby-Smith 2005: 3). Learning at multiple levels is recognised "as a dynamic capability which cannot be disentangled from the systems, processes and structures of the organization" (Sun and Anderson 2010: 134). Cohen and Levinthal (1990) underline the importance of the individual as well as organisational ACAP, and acknowledge the role of social interaction, ties and relationships in this process (e.g. Van den Bosch, Van Wijk and Volberda 2003; Daghfous 2004: 21; Lane, Koka and Pathak 2006: 854).

Learning and knowledge are core to internationalisation (Petersen et al. 2001). This, is particularly true for smaller organisations typically characterised by resource limitations, and whose competitiveness and strategic advantage requires greater emphases on knowledge and other tacit resources to overcome size and scale related deficiencies (e.g. Calof 1993; Reuber and Fischer 1997; Burpitt and Rondinelli 2000; Lu and Beamish 2001; Wolff and Pett 2004; Dimitratos et al 2010; Mejri and Umemoto 2010; Musteen and Deepak 2011).

In smaller firms, internationalisation is also associated with entrepreneurial, innovative, risk-taking behaviour (McDougall and Oviatt, 2000). Drawing on Covin and Slevin (1986, 1989), Knight and Cavusgil (2004) and Jones and Coviello (2005), Pauwels et al. (2009) point out that human volition is crucial for analysis in managerial decision-making. Small firm internationalisation is increasingly viewed from an entrepreneurial perspective, emphasising individual characteristics and dynamics (e.g. Chetty and Blankenburg Holm 2000; Dew and Sarasvaty 2002; Bell et al 2003; Schweizer, Johanson and Vahlne 2010), and their contacts and relationships, or social capital (e.g. Coviello and Munro 1995; Holmlund and Kock 1998; Arenius 2002; Ruzzier et al 2006; Zain and Imm Ng 2006; Johanson and Vahlne 2009).

Entrepreneurial risk taking, volition, Internationalisation or indeed learning are not traditionally associated with family business. Family businesses are recognised in the literature as distinct organisational forms with unique characteristics (Donckels and Frohlich 1991; Sirmon and Hitt 2003; Zahra 2003: 497) namely ownership and governance or control as well as trans-generational succession (Chua, Chrisman and Sharma 1999; Naldi et al 2007). Central to strategic direction, founder-owner-managers' personalities (Donckels and Frohlich 1991) determine values guiding the business (Schein 1983, 1995; Dyer 1986; Sorenson 2000). General understanding is that the founder, owner-manager plays a central position in relation to control, decision-making and strategic direction of SMFBs (Donckels and Frohlich 1991; Dyke, Fischer and Reuber 1992; Casillas et al 2007). Research reveals complex family business dynamics (Gallo and Sveen 1991; Gallo and Garcia Pont 1996; Goffee 1996), in which risk aversion is partly associated with the desire and responsibility to preserve the family's wealth, trust, reputation and recognition – obligations owed to future generations. This long-term view transcends the shorter-term, speculative strategic decisions adopted by non-family businesses – where principal-agent situations may exist, and the risk of business failure an individual rather than familial problem.

Notwithstanding these characteristics, family businesses represent a "very important share" of countries' international activity (Gallo and Garcia Pont 1996: 45), yet the internationalisation of family business remains under-researched (Casillas and Acedo 2005; Fernandez and Nieto 2005, 2006; Casillas et al 2007; Kontinen

and Oija 2010b). The implications of ownership and family business characteristics on small firm internationalisation are seldom analysed (Casillas and Acedo 2005; Segaro, Larimo and Jones, 2013).

### **Methodology**

Converging at the cusp of three distinct fields, this study seeks to extend existing theory adopting an in-depth case study approach (Eisenhardt 1989). Multiple case studies allow for comparative insight across a range of situations or contexts extending findings to broader inferences (Gummesson 2000; Miles and Huberman 1994). Such an approach enables the researcher to explore patterns and themes across cases to provide rich insights and capture novel findings that may exist in the data (Eisenhardt 1989).

This study sample involves eight SMFBs operating in different non-high-tech sectors. The cases vary in age, size and range from founder- to third generation-managed firms. Extensive data is derived from primary and secondary sources detailing specific internationalisation events from inception. Multiple composite unstructured and semi-structured interviews were held with founders / owner-Managing Directors, other family members and employees directly involved in internationalisation. Primary data were collected in longitudinal fashion between 2006 and 2011. Additionally, numerous sources of secondary data support analysis. Data were analysed in accordance to methodological recommendations (Miles and Huberman 1994) and the process included within case and cross-case comparisons.

### **Results and Implications**

The study findings make several important contributions to research on ACAP and SMFB internationalisation. In extending the application of ACAP to SMBFs, findings confirm the centrality of the founder / owner-MD and the role of his/her social contacts and relationships in determining SMFB internationalisation, and configuring the ACAP process. This departs from existing findings which emphasise formal and structured knowledge processes within knowledge-intensive corporate environments. Anchoring ACAP at the level of an individual, findings provide rich insights into the breath and complexities of ACAP development in informal organic contexts. By drawing attention to the context, this study highlights the intricacies of processes at play: the delicate balance of management and family dynamics, influencing competitive advantage and internationalisation capability.

This study demonstrates ACAP as an important capability-building process (Lane, Koka and Pathak 2006) that complements dynamic and combinative capabilities (Teece et al 1997; Kogut and Zander 1992; Zahra and George 2002). Our findings show that owner-MDs' social interaction with international contacts enhances prospects for international opportunities and growth. Yet potential limiting effects of structural embeddedness arising from strong ties reinforce incremental learning. Thus it is important for owner-MDs to maintain international exposure and visits at for example fairs, for new contacts and innovation possibilities. Trust-based strong ties are crucial for offsetting resource limitations via business facilitation and lowering transaction costs, and which maintain owner-MDs' embedded knowledge base, whereas the establishment of weak ties enhances the identification and absorption of new external knowledge (Todorova and Durusin 2007).

Detailed dynamic maps of ACAP developed from case evidence casts new light onto the internal processes of absorptive capacity development (Jansen et al, 2005). These insights advance our understanding by complementing existing research, which is largely based on secondary data and literature reviews (Easterby-Smith et al 2005; 2008). In extending the theory to the context of traditional industries, the study shifts ACAP's technological emphases and preoccupation with R&D to other types of process-oriented knowledge. The findings demonstrate the empirical applicability of the concept to "acquisition, assimilation and commercial application of various types of knowledge, including managerial techniques, marketing knowledge and manufacturing know-how" (Lane et al 2006: 852; see also Lane et al 2001; Easterby-Smith et al 2008).

Viewed from the managerial perspective, this study offers SMFBs important insights into processes and key factors affecting internationalisation and the realisation of international opportunities as a result of judicious leveraging of internal resources – generally tacit knowledge resources and dynamic capabilities.

**References available on request**

ICSB conference Dublin 2014

Track: Innovation

## **Harnessing generativity of digital objects through process innovation**

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**Key Words:** innovation, digitization, digital artifact, generativity, process

## **Aim of the Paper**

Contemporary entrepreneurial landscape is marked by opportunities emerging from the convergence of digitization and innovation. The generative and ubiquitous nature of digitization, defined as increasing saturation of business processes with information technology (Kallinikos 2009), manifest itself in digital start-ups, new business models, new product and service designs, and new forms of organizing (Amit and Zott 2001, Desyllas and Sako 2013). Reflecting these realities, entrepreneurship research offers insights into digital entrepreneurship. Focusing on entrepreneurial digital innovation, studies consider process innovation and the new organizational forms (Boland et al. 2007; Franke et al., 2008). There has been interest in strategies of digital start-ups (Rindova and Kotha, 2001), strategizing in nascent fields (Santos and Eisenhardt 2009); and entrepreneurial business models (Zott and Amit 2007).

Despite these advances, our understanding of digital entrepreneurship remains limited. Given the pervasive nature of digitization, the topic remains surprisingly under-represented in entrepreneurship literature and a review of the top entrepreneurship journals reveals relatively few contributions (Reuber and Fischer 2011). A common feature of extant research is treatment of digital technology as either an aspect of context (Santos and Eisenhardt 2009), thus of no substantive research interest or as “black box”, “given”, beyond control of the focal entrepreneur (Fisher and Reuber 2011), thus no warranting problematizing. Furthermore, digital innovations seem insufficiently distinct from other types of technology to deserve special treatment. Lack of appreciation for the distinct nature of digital technology results in digital innovation being largely overlooked in empirical research. Consequently, entrepreneurship theory provides only limited explanation for the burgeoning activity in digital domain.

We argue that the development of digital entrepreneurship as a legitimate field of academic enquiry has been hampered by the lack of robust theory of digital objects. Richer theoretical treatment of these objects is needed to fully appreciate the distinct nature of digital innovation. The current study hopes to advance our understanding of digital entrepreneurship by exploring the nexus of opportunity and digital technology. Focusing on innovations in business process, our specific objective is to examine how digital technologies mesh with business process to generate digital process innovations. The study explores why and how opportunities for the value creation in business process innovation come into existence through digital objects. We build on theory of digital artifacts which stresses the unique generative nature of digital technology and focuses on affordances i.e. possibilities for action with technology (Faraj and Azad 2012; Leonardi 2011; Majchrzak and Markus 2012). The study adopts socio-materiality perspective on digital opportunity, which takes technology-centred focus but does not privilege either the objects or entrepreneurial actions (Leonardi 2012; Orlikowski 2007; Orlikowski and Scott 2008). According to this view, digital generativity depends on mutual entanglement between opportunity and digital object. By considering the ontology of digital opportunities, we hope to firmly position digital transformation within the realm of entrepreneurship, where it rightly belongs.

## **Background Literature**

Theoretizing about digital entrepreneurship rests on the appreciation of distinct features of digital technology. The notion of digital artifacts provides a useful starting point (Faulkner and Runde 2013; Ekbja 2009; Kallinikos et al. 2013). Unlike their physical predecessors, digital artifacts have unique characteristics of editability, openness, distributedness, granularity and modularity (Kallinikos et al. 2013). Editability denotes that they can be easily changed by rearranging elements of which they are composed or updated by change of content. Distributedness means that digital artifacts are seldom proprietary or contained within a single site but instead are open, fluid and transfigurative. Granularity derives from the numerical constitution of digital objects and the minute size of the stuff of which digital objects are made. Modularity concerns relationships between building blocks and denotes interoperativity: digital objects can be easily interchanged. As a result of this features, digital objects are largely incomplete and ever evolving, offering unprecedented opportunities for reconfiguration but also substantial challenges in exploitation and management (Yoo et al. 2010; 2012).

The properties of digital objects have significant consequences for innovation through convergence and generativity (Yoo et al. 2010). Convergence denotes bringing previously separate processes, actions or uses together. Digital start-up such as Spotify, Skype or Skyscanner exploit innovations of this type by bringing together previously separated actions. Generativity or “a technology’s overall capacity to produce unprompted change driven by large, varied, and uncoordinated audiences” (Zittrain 2006, p. 1980) captures digital technology dynamic and malleable character. Boland et al. (2007) for example, show how digital process innovations cause change across a range of related industries, a phenomenon they describe as “wakes of innovation”. Another good example concerns “big data” (Economist 2010) and new entrepreneurial activity

that centres around exploiting opportunities in the unprecedented volume of digital traces. Much innovation in social and mobile media relies on streaming, integrating, and analyzing data, that is, the generative use of data. The limitless possibilities in recombination of digital artifacts are a new source of innovation (Arthur, 2009).

The confluence of digital artifacts and entrepreneurship has been addressed from two perspectives. On the one hand, some attention has been devoted to new ventures that emerge through digital transformation of business process. For example, Zott and Amitt (2008) map out different types of value creation opportunities and the associated ventures. This stream of literature centers on value, activities and facets of strategy (Rindova and Kotha 2001) or the business model (Desyllas and Sako 2013). By highlighting business aspects of new venture, facets of technology and its unique affordances are not explicitly addressed and the digital artifacts receive little attention within this stream.

The other approach to digital entrepreneurship is technology centric. This research focuses on a particular set of technologies; their adoption and its consequences are explicitly examined (Boland et al. 2007). Good example of such a study is Fisher and Reuber's (2011) examination of Twitter and its implications for entrepreneurship. Although technology affordances are explicitly explored in this stream, the technology is taken as given and the deterministic relationship between digital artifact and entrepreneurial action ignores their mutual interaction (Leonardi 2011). Missing from these accounts is an appreciation that technological affordances are enacted and that opportunities results from the meshing of technology and practice. In result, the studies incompletely address the dynamic and generative aspect of digital objects (Boland et al. 2007).

The current study focuses on digital innovation, that is, innovation enabled by digital technologies. Digital innovation rests on digitization, defined as increasing saturation of business processes with information technology that is accompanied by the transformation of activities, practices and processes. The necessary condition of digital innovation is (1) that it goes beyond "a mere technical process of encoding diverse types of analog information in digital format" (Yoo et al. 2010) to involve new combinations to provide novel processes; (2) that this change reshapes the underlying value propositions; (2) that the novelty is significant offering advancement in "the state of the art" (Abrahamson 1996, Kimberly 1981).

### **Methodology**

The study takes a socio-material approach to analysing digital opportunities (Leonardi 2011; Orlikowski 2007). That is, in line with other research concerning the nexus of digitization and innovation (Boland et al. 2007; Prasad 1993), the approach taken here assumes that digital opportunities are co-constructed at the nexus of organizing and technology adoption. The examination of such opportunities requires a careful examination of digitization in situ. The study adopts a qualitative method focusing on three entrepreneurial ventures in the following service domains: global trade in human tissue; marketing asset management system and legal management service. Following other studies on situated practice (Prasad 1993), the project employs multi-method approach to data collection. Semi-structured interviews are complemented with the analysis of documents (meetings minutes, jobs descriptions, formal rules and procedures, online materials) and participant observation (shadowing). Data collection occurs at multiple levels of analysis: individual, team and organization. Data analysis follows established procedures (Glaser and Strauss 2011) with continual, iterative cycling between pre-existing theory, the data and emerging theory until the point of saturation.

### **Results and Implications**

This study hopes to contribute to our understanding of digital entrepreneurship in several important ways. The study pays close attention to the ontology of digital objects and their affordances. Our detailed treatment of affordances against business processes allows to illuminate the generative properties of digital innovation. The attention to the entanglement in practice highlights opportunities as well as challenges of digital entrepreneurship. For example, the study offers insights into challenges digital innovation that result from the incomplete, unfinished and ever morphing nature of digital artifacts (Kallinikos et al. 2013). Incompleteness poses significant challenges to managing innovation and undermines conventional theories that assume that a product has a fixed boundary and follows a certain life-cycle (Yoo et al. 2010). The study shows that generativity of technology leads to highly specific, practice-situated applications. In essence, digitization seems to increase heterogeneity of innovation heightening the complexity of the innovation process. This highly specific nature of digital opportunities offers significant advantages for value creation but also increases the risks.

**References available on request**

**Formalizing the concept of the 'for-benefit' firm within the enterprise spectrum**

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Key words: for-benefit enterprise, sustainability, social entrepreneurship, social enterprise, process theory, value creation

**Track Title: Sustainability**

**Formalizing the concept of the 'for-benefit' firm and socially driven entrepreneurship within the enterprise spectrum**

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**Aim of the paper**

This paper is predicated on the urgent need for providing a conceptualization of the "for benefit enterprise" (FBE) as a distinguishable method/form within the taxonomy of social enterprise. Its importance extends from the argument that FBE's are challenging traditional concepts of market competition (Sabeti, 2011). Due to its newness, rapidly evolving nature and inchoate conceptual state, there is scant research that theoretically or empirically considers the phenomenon of the FBE, especially when considering the full spectrum of (social) enterprises that exist (Alter, 2007). In doing so, we adopt a general definition of social enterprise as organizations that 1) have an embedded social purpose and 2) generate earned income (Sabeti, 2011; Levander, 2010). Without a precise definition of what an FBE is (or conceptual understanding of its place within the heterogeneity of processes and forms relevant to entrepreneurship research) it is difficult to develop valid and reliable theory necessary for posing and testing empirical questions (Davidsson, 2008; Korsgaard and Anderson, 2011). We consider this problem and ask the question(s) "what is a for-benefit enterprise, what are its key characteristics and where does it fit within the spectrum of social enterprise?"

Our approach to this problem is to examine it from the perspective of entrepreneurship, value creation (welfare) and organizational forms. We employ process theory as our primary means for understanding the entrepreneurial process or "how" a for-benefit enterprise is created. From this theoretical perch, we then review the literature, addressing the concepts of ethical positioning, ethical products and the relativistic properties of consumer value (social welfare) to address the question of "why" (Wight, 2005; Porter and Kramer, 2011; Colander, 2012). We then build on previous work by Alter (2007) to develop a theoretical framework for categorizing and understanding the "for-benefit" enterprise within the wider spectrum of corporate forms. We find that similar to other social enterprises, FBE seek simultaneously to have a positive impact on society and generate revenues that ensure the success of its objectives. We argue that there are subtle but significant differences: FBE are social mission driven entities established as for profit corporations that draw enhanced legitimacy from an ethical positioning process that involves the creation and maintenance of an "actionable identity" through third party or self-articulated certification/verification of its social mission accounting. Based upon this novel signalling approach, FBE are distinguishable from other social enterprise types and thus command specific competitive advantages in the marketplace that may potentially undermine or erode the legitimacy of social responsibility strategies engaged by established for profit firms.

This research contributes to the development of a revised taxonomical framework that clearly positions the for-benefit within the social enterprise spectrum. Identifying what for-benefits do and how they do it, this work leads to the consideration of three sub categories of for benefits: support corporations, benefit corporations and non-certified corporations. The implications of this research are manifold and include the need for evaluating the competitive strategies, effectiveness and performance factors of for benefit enterprises. Furthermore, the ability to compare and contrast against other enterprise typologies may provide a better understanding of the potential impact and significance of FBE within the marketplace.

**Background Literature**

Our research adds to the emerging conversation on new methods of social enterprise, dual value creation and its impact on how we understand the process of entrepreneurship (Porter and Kramer, 2011; Sarasvathy and Venkataraman; Korsgaard and Anderson, 2011; Wilson, and Post, 2013; Miller, et al., 2013; Acs, et al., 2013). To advance and focus this conversation, we explore for-benefit enterprises (FBE) in terms of context, objectives and process in an attempt to tighten the somewhat amorphous conversation on this emerging method/form of social enterprise. This paper employs an

over arching philosophical perspective of process theory from which to view the problem of understanding and categorizing the emergence of for-benefit enterprises (FBE). Economic theory and organizational theory are also used to help add clarity to the problem.

Process theory is founded upon a philosophy that conceptualizes processes, rather than objects as the basic building blocks of how we understand the world around us (Moroz and Hindle, 2012). This perspective is argued to comport well with the study of entrepreneurship, which is fundamentally an *action-based* phenomenon that involves a highly interrelated set of creative, strategic, and organizing processes (Bygrave, 2004). Economic theory views the entrepreneur as a change agent that creates new means ends relationships through the process of combining resources to create value for specific stakeholders within society (Schumpeter, 1912/34). The nature of the 'value' created is of considerable debate when considering classical and neoclassical philosophies (Colander, 2012; Ariely and Gruneisen, 2013; Wright, 2005). Thus the argument for dualism and the efficiency of blended missions that result in social and economic value creation do not appear as theoretically polarized as current organizational forms of social and corporate capitalism make them appear (Lautermann, 2013). From an organizational perspective, not-for-profit (NFP) corporations have evolved from a societal desire to create a broader ecosystem which better reflects its true preferences (Trudel and Cotte, 2009). Advances in methods and processes have introduced for profit practices into the array of NFP methods. Over time this blurring effect has lured savvy entrepreneurs seeking to mobilize NFP forms to innovatively tackle social welfare challenges more efficiently through blending social and economic welfare creation within their business models.

For benefit enterprises are thus a means to an end: social entrepreneurs seek to effectively reconcile both social and material welfare into the process of value creation through for-profit organizational forms using market driven methods. The emergence of the for-benefit enterprise is thus viewed by many scholars as a novel societal response to the need for blending economic and social welfare to better reflect the growing awareness of the decision making processes that embodies the behavior of today's consumers.

## **Methodology**

Using ontology focused on entrepreneurial process, we review the emerging literature on for benefit enterprise, practitioner observation and extant conceptualization of social enterprise in general to develop/revise taxonomy on the full spectrum of enterprise methods/forms. This taxonomical framework is then used to conceptually position and categorize for-benefit enterprises by observing and understanding "what they do" (objective) and "how they do it (method)" related to their specific context (organizational form and market environment). An examination of the process of 'ethical positioning' is used to help develop a clearer understanding of for-benefit enterprises through advancing several theoretical propositions on their methods for creating social and economic value for identified stakeholders.

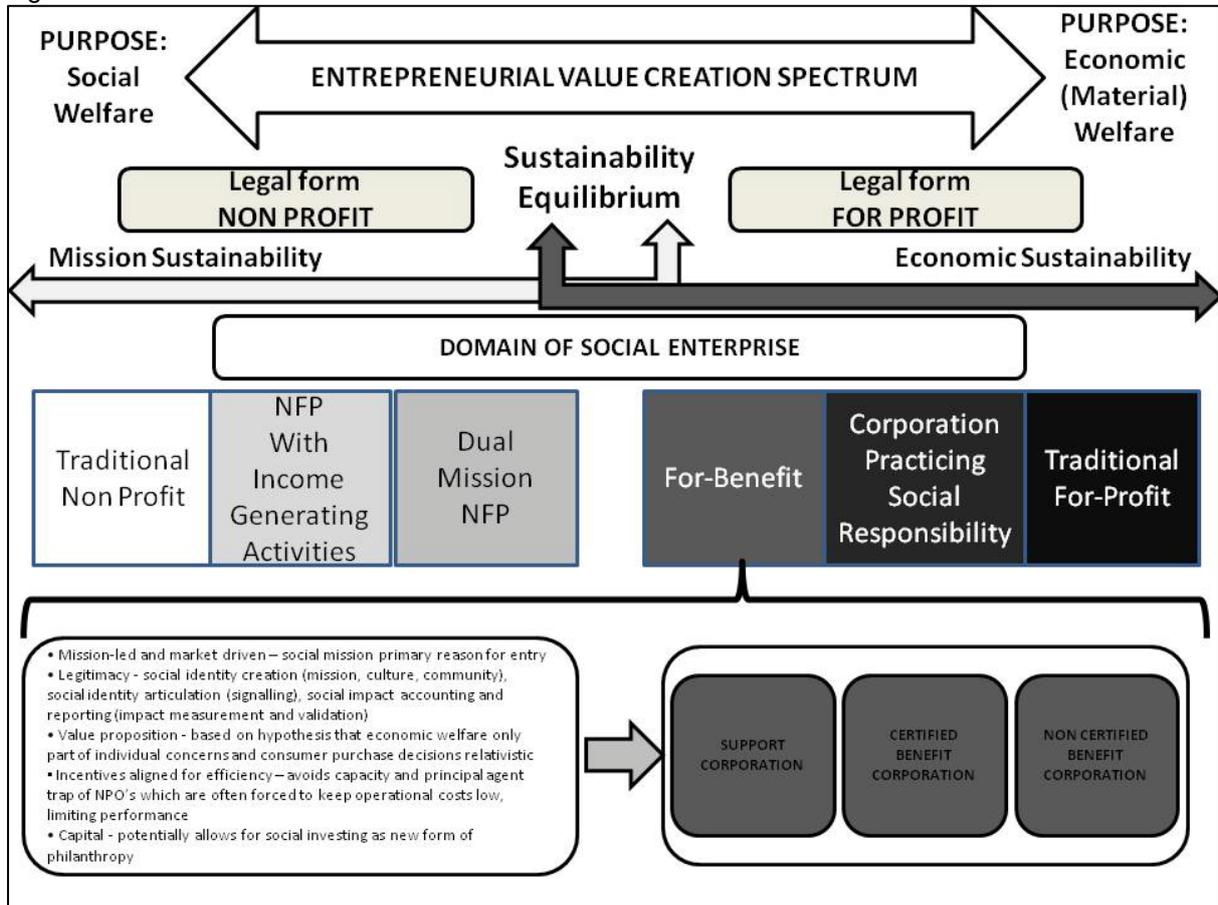
## **Results and Implications**

The outcomes of this paper are threefold. First, we offer conceptual clarity to the for-benefit enterprise (see figure 1). Second, we categorically position the for-benefit enterprise within a much larger spectrum of (social) enterprise forms. In so doing, we propose three sub categories of the for-benefit enterprise: 1) support corporations (hybrid models that fund NFP organizations), 2) certified corporations (bcorps or other third party verification) and 3) non-certified corporations (self articulated and reported social missions/impacts). Each organizational form follows the conceptual patterning of for-benefit models (market entry driven primarily by social mission through a process of relativistic ethical identity creation, articulation and legitimization), but is clearly differentiated by the form and context. Third, we contribute to theory on entrepreneurship by synthesizing the elements of process and context into a clear and understandable framework for viewing the domain of (social) enterprise as a contextually relevant value creation process that incorporates both economic (material) and social (relativistic) welfare considerations.

Our research has several implications for future research. Most important, the taxonomic framework allows for grounded theory to be developed on the FBE phenomenon that is specific to process, performance and praxis. As well, it paves the way for researchers to compare and contrast different types of for-benefit categories against other taxonomic forms of enterprise: a necessary pathway

when seeking to determine the impact and potential trajectory of the FBE as an emerging form of entrepreneurial method.

Figure 1



Revised from Alter, 2007/Gamble and Moroz, 2013.

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## **Dynamics of Entrepreneurial Process from a Local Perspective**

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Keywords - Dynamics, entrepreneurship, entrepreneurial process, local development, complexity

## Abstract

### Track Title

Theory and Methodology

### Paper Title

Dynamics of Entrepreneurial Process from a Local Perspective

### Aim of the Paper

Demonstrate that entrepreneurial processes, seen from a local perspective, are neither static nor deterministic but follow the principles of dynamics. For that, it must be reconsidered the way in which entrepreneurship is studied and supported.

### Background Literature

The flux metaphor, defined around the year 500 BC by Heraclitus, has arrived to management sciences and we established that firm, as an open system, exercise a continuous exchange with its environment (Donnadieu & Karsky, 2002). The management of this flux started in the 1980s and by the 90s it was adopted by most academic and non-academic speeches (Alonso & Fernández, 2006), promoting fluidity and liquidity with great speed: "the faster and cheaper, the better". Although there are some discourses trying to warn the risks of excessive fluidity leading the world to the degradation of ecosystems and its economy (Veraza, 2010), most of management practice is still using this flux perspective in an immovable frame, where everything is supposed constantly infinite.

Assuming that the dynamics of entrepreneurial processes creates uncertainty about future, we criticize this classical management theory and practice which is not adequate to deal with changing coming times (Schindehutte & Morris, 2009; Fuller & Moran, 2001). This has to do with the fact that management principles are founded on the notions of order, rationality, predictability, and determinism (Genelot, 2001), keeping a static or semi-stable vision of organizations (Morua & Schmitt, 2012).

Under this condition the classic science invites us to reduce and generalize, to think in mechanistic, linear and closed terms (Genelot, 2001), considering the dynamics as a condition of repetitive cycles that occur naturally, as the money-commodity-money cycle within classical economists (Georgescu-Roegen, 1995). Thus, this does not consider the random, the different, the exceptional, the unusual things but the principles and tools in management practice try to create a stable or semi-stable, controllable, standard system composed by individuals acting rationally, possessing and controlling perfect information. However, this approach is no longer in use, especially in this knowledge-entrepreneurial-innovation era.

So, we are invited to establish other principles that will help individuals to think and clarify ideas in a given situation to stimulate their creative action (Avenier & Schmitt, 2007). In this case, the complexity theory has contributed to the study of dynamical systems (Morin, 2005), regularly oriented to open ones that maintain large interrelationships between heterogeneous elements.

The principles of dynamics in complex systems are inspired on thermodynamics, and they are: the emergence, the interruption and the deterioration (Morua, 2013). This complexity is due to the system openness and its intrinsic movement and change (Donnadieu & Karsky, 2002), for the interactions (Morin, 1999), and the networking between two or more heterogenic elements, energy, time, space and evolution (Prigogine, 1994).

Entrepreneurial process do not escape to this dynamics and must be visualized in a very large range (Schmitt, Azoury, Nobile, Morua, & Gomez, 2012), especially considering it as "a vector for the restructuring / development of the entire production system, the creation of jobs in the social reintegration innovation and modernity of structures" (Skouri, 2005, p. 84). So, entrepreneurship is the activity of changing the normal course of productive activities supported by four components: the entrepreneur, the resources, the value creation and the business opportunity (Janssen, 2009).

Even when dynamics is an inner condition of almost all components which the entrepreneur interacts with, their study is almost limited to a deterministic and static vision (Morua, 2013). Sometimes, this condition is not considered because it makes researchers feel uncomfortable (Hazy, 2011) and our thinking structures are used to linear fixed thought and not to the movement (Schindehutte & Morris, 2009).

Then, for understanding the dynamics between entrepreneurial process and local development, we start with Julien's (2005) theoretical proposition of Regional Entrepreneurship, for explaining differences in succeeding ventures. This theory is founded in four pillars: a) the variety of entrepreneurs according to the environment,

an innovation component, and individual characteristics; b) the organization as an answer to the market and the actors participating in it; c) the dynamics of entrepreneurial ecosystem; and d) the networking process as a knowledge base for entrepreneurs.

For getting depth in the last two pillars, we are focusing on Albuquerque's works (2001, 2002, 2003, 2004, 2008) in which he explains in detail the resources (nature, infrastructure, humans, culture, technology, finance) and agents (municipalities, regional committees, state, universities, enterprise owners, local promoters, large civil society) that have something to do with local development. Albuquerque explains most of the factors that will allow a better employment and life quality in a socio-territorial space in economic, cultural, institutional and environmental dimensions (Marin Pérez, 2012; De Perini, 2003).

### **Methodology**

In management we used to explain dynamic phenomena by hypothesis and metaphors (Morgan, 1999). From the complexity paradigm developed by E. Morin (2005), we extract meta-principles - such as recursivity, organization, hologrammatic and dialogical principles - to explain the dynamics of entrepreneurial processes. If subject and object cannot be disjoint, we use the experiences, observations and different interactions with heterogeneous actors to co-build the possible explicative hypothesis for the dynamic phenomena. For this we must go and return to literature to strengthen the propositions and feeding back theories and approaches with the perceived reality (Avenier & Schmitt, 2007). Local perspective is used to delimit the study object making easier to situate all involved actors.

### **Results and Implications**

As entrepreneurship is a design activity for changing the normal ways in which something is done, future vision and present strategy creation are undeniable components of it. In the strategy creation process, the entrepreneur is not alone. He has a network form which he has support and resources to start their adventure. However, as the network is an open system, it is being modified every instant, influencing and influenced by the entrepreneur. In these dynamics, attractors and boundaries will emerge modifying previous plans of the entrepreneur. These attractors and boundaries take place also in the network of the entrepreneur, in the different forms of actors of resources from local development systems, which will influence the original goals of the entrepreneur. If it is assumed that future will be always uncertain, the exigency to the entrepreneur must not be to set an indicators panorama but a general strategy for managing contingencies and reach the most general objective that is creating new value. In sum, by using the principles of dynamics and understanding local development process, entrepreneurs will be able to define more accurately their value proposition and all support and study programs may be in that direction.

## **The entrepreneurial ecosystem – back to the future?**

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## **Aim of this paper**

The concept of an entrepreneurial ecosystem is a recurring theme in the debate about the provision of entrepreneurship and enterprise education (EEE) in Higher Education Institutions (HEIs). It is broadly recognised that EEE is not confined just to the context of the class room. The recently published HETAC guidelines for EEE defines the entrepreneurship ecosystem as “ the environment including all of the institution’s entrepreneurship-relevant people, resources, facilities, processes etc. that contribute to the support of enterprising activity and the development of entrepreneurial skills and attitudes. It involves layers of mutually interacting organisational initiatives and practices, engaging external as well as internal parties” thereby recognising that there is a role beyond the traditional academic context in ensuring that students can avail of entrepreneurial learning opportunities (HETAC, 2012). This resonates with the work of David Rae who distinguishes between two distinct contexts within which a student can have experience of entrepreneurial learning - learning within the curriculum and learning outside the curriculum. This distinction recognises that as part of their overall college experience learners can be exposed to and involved with EE in different settings. HEIs in their provision of opportunities for students to engage with entrepreneurship and enterprise need to be cognisant of the broader learning environment which can greatly enhance the students’ capacity to learn about and to engage with entrepreneurship.

It is evident from the most recent survey in the UK (Rae et al, 2012) that many HEIs have consciously evolved their provision of EEE, and they report that 80% of the Institutions offered credit-bearing awards and modules in enterprise and entrepreneurship and 91% provided extra-curricular support for student and graduate entrepreneurship indicating the presence of both an in curriculum and extra-curricular provision of EEE.

However, an ongoing critique of entrepreneurship education is that there is limited evidence of the impact of the initiatives undertaken by HEIs in this area (Matley, 2007). Historically evaluations tend to be focused on the existing student cohort and much of the benefits are anecdotally verified rather than empirically verified. In Ireland Fenton’s recent work with graduates has contributed to addressing this gap but has a particular focus on graduates from dedicated Enterprise Platform Programmes and little has been done to investigate the experiences of graduates who had exposure to EEE as part of their general degree.(Fenton, 2013). This research aims to explore the perspective of such graduates of their EE experiences and attempts to establish, what, if any impact this had on their subsequent career choices.

## **Prior work**

This study focuses on graduates from a business degree programme which focuses primarily on entrepreneurship. In operation for 16 years, the design of the programme has been influenced by emerging research on entrepreneurship (Gibbs 2002, Heinonen, Poikkijoki and Vento-Vierikko 2005, Jones 2006,). Over the course of a number of programmatic reviews the programme moved towards a broader societal model of entrepreneurship, which places emphasis on the values of entrepreneurship and developing entrepreneurial behaviours, attributes and skills encompassing concepts such as vision, holistic management and the ability to build trusting relationships. The aim is to equip individuals with personal entrepreneurial capacities and to support effective entrepreneurial behaviour. Two key objectives were identified as of paramount importance for the programme – the development of experiential learning opportunities firmly rooted in a real world context and the enhancement of a wider entrepreneurial ecosystem in the Institution which supported the academic work. The programme team have developed a number of applied projects which are part of the formal assessment strategy of the degree (the Stalls project, Social Enterprise project) and these offer students a chance to develop a micro enterprise as part of their formal studies. The team, in conjunction with the academic management of the Faculty have also developed external links to enterprise support agencies, local entrepreneurs, local network groups, the alumni, the Student Enterprise Society and year-on-year actively engage with these stakeholders to widen the opportunities for students to gain insight into the lived experience of the entrepreneur.

## **Approach**

Heretofore, the programme team have endeavoured to align their activities to embrace solid teaching and learning pedagogies and incorporate the most relevant EEE findings into the programme design. While consultation with students, graduates and external stakeholders has always been a feature of

the review process for the programme this is the first time that the programme has specifically engaged with the graduates to assess the level of awareness they had as students of the existence of an entrepreneurial ecosystem and what, if any, impact it had on their learning. This research aims to specifically examine the perspective of alumni from the programme to ascertain their experience of the entrepreneurial ecosystem during their time of study. In particular it seeks to establish what were the impactful experiences/ events for them.

There are in the region of 420 graduates from the programme, and the programme team have up to date contact information for about 80% of the cohort. A survey will be conducted to

- a) Review the in-curriculum enterprise experiences that they had
- b) Evaluate the level of awareness of the extra-curriculum experiences that they engaged in
- c) Establish, what if any impact these had on their subsequent career decisions

## **Results**

The anecdotal evidence from the graduates indicates strong support for the applied project work of the programme and the real world context that is embedded into the programme of study is deemed to be both a positive feature and important in terms of the learning experience. The survey will investigate this and will attempt to quantify the impacts of the different elements of the ecosystem developed within and around the programme.

## **Implications and value**

There are a number of implications from this particular piece of research. In this instance there is an immediate impact insofar as the results will feed into the programmatic review process for the degree in question. The feedback, taken in conjunction with qualitative and quantitative data from other key stakeholders will inform the programme teams approach to the review and provide invaluable data which will inform the development of the programme over the next number of years. Secondly the data will indicate what aspects of the ecosystem need to be removed or changed. It will have benefit for others engaged in the design of EEE outcomes for their programmes and in particular, should highlight both the positives and negatives in relation to elements of a HEI's entrepreneurial ecosystem as recollected by graduates.

## **Entrepreneurship in Action: Trials of the Last Bag**

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Paper Title: **Entrepreneurship in Action: Trials of the Last Bag**

Aim of the Paper

This paper adds to the growing stream of research focusing on the micro-processes of entrepreneurship. Based on Actor-Network Theory (ANT), we explore the challenges faced by an entrepreneur in gaining interestment for an idea to re-launch a type of old schoolbag into the market. The process is influenced by four critical episodes; each episode influenced by how the entrepreneur establishes the obligatory passage point that problematises interests and enrolls a variety of spokespersons to move the project forward. We call this 'stakeholding' in opposition to the traditional view of stakeholder-theory to emphasize the dynamic nature and fragility and performativity of entrepreneurial activities. Although the importance of stakeholders is emphasized in the entrepreneurship literature, the emphasis as sources of needed resources is distinct from our perspective where resources are viewed as an effect. The challenge for the entrepreneur is to problematize the *stakes* and thereby translate goals and interests actors to be enrolled in the effort by establishing an obligatory passage point where the network or the collective becomes a configuration of allies that acts as a single whole to develop the entrepreneurial outcome. Success in these undertakings helps to displace uncertainty and increasing legitimacy and commitment through the translation of roles and identity. The paper outlines this process by following the entrepreneur over time as he undertakes the launching of the 'last bag'.

Background Literature

Cyert and March (1963) propose that organizational goals are set by a negotiation process that occurs among members of dominant and conflicting coalitions. People have goals but collectivities of people do not per se. Scott (1993) proposes that this perspective by Cyert and March (1963) is an alternative to viewing the firm "as the shadow of one powerful actor" (p. 288) where his or her goals equates and becomes that of the organization.

Management deal with organizations as quasi-markets "in which influence and control are negotiated and allocated according to which organizational participants are most critical to the organization's continued survival and success" (Pfeffer and Salancik, 2003, p. 36). Nascent entrepreneurs, similarly, also have to deal with goal-negotiations by the various coalitions in the network (despite there being no formal organization and hence no manager per definition). Stakeholders' commitments are considered central in the development of a new venture, both because they bring new means and possibilities, but also new goals and constraints. Most entrepreneurial situations can be characterised both by uncertainty (McMullen and Shepherd, 2006) and by severe resource constraints (Baker and Nelson, 2005). Saravasthy has proposed an "effectuation logic" (p. xx) as a conceptual tool more suitable to account for the explorative (March, 1991; Levinthal and March, 1993) side of entrepreneurship. The starting point is not an 'ends-in-view' but rather resources/constraints at hand shaping entrepreneurs' courses of action which guide and influences the entrepreneurial outcome. Such endeavours are thus seen as collectives, where stakeholders are viewed not only as resource providers, but by their various forms of inputs which shapes the entrepreneurial project.

In this light, opportunities and markets are not seen as 'discovered' but as collectively constructed or enacted (see Alvarez and Barney, 2007 or Short et al, 2010 for reviews on the nature of opportunities). For Saravasthy et al (2008), stakeholders' commitments have two characteristics. First, they are not so much seized by potential gains that are hard to assess but by the acceptance of an "affordable loss in pursuit of vaguely promising courses of action to fabricate new opportunities" (p. 340). Second, commitments are reassessed dynamically; the "effectuation process proceeds commitment by commitment". The acceptance of 'affordable loss' by stakeholders highlights a condition of possibility of a relationship. The willingness of some stakeholders to stake

something also shows that they are interested in the venture. However, it does not explain why and how they were interested by the venture nor does it explain why or how such commitments are evolving.

In the Actor Network Theory (ANT), the “model of translation” (Latour, 1987, p. 132), focuses on the formation and unfolding of the stakeholders’ network in the entrepreneurial ‘process’. Translation is defined as the process by which entrepreneurs enrol others into their network by means of different interestment devices, both human and non-human. Callon (1986) distinguishes four moments of translation: problematisation, interestment, enrolment and mobilisation (which can overlap). Problematisation is an attempt to define the problem that needs to be solved and at the same time defines actors and resources that are relevant to a particular project. Those need however to be interested and mobilised in the project. Interestment is defined as “... the group of actions by which an entity attempts to impose and stabilise the identity of the other actors defined through problematisation” (Callon 1986 pp. 207-8). As suggested by Callon (1986), the identity of the interested entities is modified along the process of interestment, seen as “multilateral negotiations during which the identity of the actors is determined and tested.” (p. 6). If the interestment process is successful, it stabilises the system of alliances. Actors are enrolled i.e. they accept the roles negotiated during the interestment process in relation to the problematisation. *“(Enrolment) designates the device by which a set of interrelated roles is defined and attributed to actors who accept them. Interestment achieves enrolment if it is successful. To describe enrolment is thus to describe the group of multilateral negotiations, trials of strength and tricks that accompany the interestments and enable them to succeed.” (Callon, 1986, p.10)*

## Methodology

A single case study design is used for this analysis. The qualitative goal is to isolate and define categories of processes and events during the research process and identify the interrelations between them (McCracken, 1988). In-depth case analysis (Yin, 2003) based on triangulation of qualitative data collected through interviews with the entrepreneur, observations by one of the authors while employed for two years in the early development stage of the company and secondary sources including articles published in Monocle magazine, The New York times and Danish national newspapers and information from the company’s website.

The approach to this research is ethnographic based on a combination of observations and qualitative interviews to account for the social world of the research subject in the way in which they themselves would describe and explain it (Saunders et al., 2007). In this case, it is rather the underlying assumptions of the social processes and activity, in which the research subject interacts that are the subject of interest. This type of ethnographic research is useful to a constructivist approach such as the actor-network approach, and to explain social behaviour and activity (Flyvbjerg, 2001).

## Results and Implication

The trials exposes frictions or dissonances which provoke organisational reflexivity, generates new knowledge and make “possible the redefinition, redeployment, and recombination of resources. Moments of translation represent possible pitfalls for the entrepreneur since any actor can choose to re-define their identity and threaten the firm’s existence at any moment. Re-configuration of the firm, the product properties, and/or of the potential allies results in perpetual action so that rather than speaking of *establishment*, which refers to a demarcated process from start to a finish point and to a finished product, one should rather speak of *establishing* a business, which is an ongoing process of attempts to stabilise the network involved and embedded in the entrepreneurial firm and the product.

An important implication for further research is how entrepreneurs attempt to engage devices of interestment. Devices of seduction are identified as important means of interesting allies into the entrepreneurial firm. Interesting perspectives on entrepreneurship can be gained from analysing characteristics of the devices applied both successfully and unsuccessfully by entrepreneurs to move the business both through the different phases of a business.



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## Implementation of an In-house Innovation Learning Project

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Key words: Innovation capacity, SME development, Competitiveness, Partnership approach

### Aim of the Paper

This paper reports on activities and results of a partnership approach to an in-house innovation learning project. This took place from 2010 to 2013 and involved 90 owner-managed Small and Medium-sized Enterprises (SMEs) in three cohorts and three spatial regions. These SMEs, 30 from each region, employed between six to 144 employees and were mostly engaged in manufacturing activities. Innovation consultants were contracted as facilitators, complemented by specialist academics, in 12 half-day company sessions over a 12-month period in a hands-on 'learning by doing' project. This sought to make participating SMEs more competitive through engaging in activities that enhanced innovation capacity. But what began as an innovation-related project that was customised to each SME's unique requirements was extended to accommodate other business processes and skills improvements. This was because many of these SMEs did not have the preconditioned robust business foundations to effectively engage and harness the advantages of innovation. This was also exacerbated by the fact that some companies were suffering from financial 'bleed' due to the result of the recession and this had to be simultaneously addressed for continued management motivation and commitment to remain in the project.

The paper also investigates whether the undertaken activities influenced the short-term performance of SMEs at the end of the project in terms of improvements in sales, gross and net profits, innovation capacity, general business skills and employee growth. The impact of the last three variables, among others, on financial performance was also investigated.

### Background Literature

The globalisation of markets has led to intense competition from low-labour emerging economies that are able to make products at a fraction of what is achievable in the developed economies. Large companies in more developed regions have responded in part by shifting their manufacturing bases to these cost-competitive locations. SMEs that do not have the capacity to respond in this direction must engage in producing more value-added products and services to be sustain competitiveness. But in most cases, there is not enough capacity for high-quality complete in-house innovation. Engagement in technology licensing, collaborative partnerships with other businesses and research institutions, cluster membership, lean and efficient production, quality management and increasing niche specialisation are some of the engagements that have been used by these SMEs to retain relative degrees of competitiveness. The importance of facilitating knowledge transfer through collaborations with research-oriented higher education institutions and professional consulting companies is vital to increasing innovation capacity and competitiveness to small businesses as these institutions are primary sources of knowledge for industry competitiveness.

Additionally, while SMEs are linked with the aspect of creativity and spontaneity ideal for engaging in incremental and disruptive innovation, they lack in the structures, systems, processes and technologies that enable the generation of new ideas to proceed with the least obstructions through to timely commercialisation. The strategic management of the innovation process is also lacking. The Oslo Manual (2005)<sup>1</sup> makes it

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<sup>1</sup> OECD (2005), *Oslo Manual: Guidelines for Collecting and Interpreting Innovation Data*, 3<sup>rd</sup> Ed., OECD/Eurostat, Paris: OECD Publishing.

evident that innovation as a continuous process is difficult to capture, particularly when it involves small businesses engaged in small and incremental changes rather than a single large project that results in product commercialisation. Studies have also revealed that a substantial number of SMEs do not engage in innovation; and for those that innovate, they typically rely on the owner-managers' knowledge and only peripherally involve the knowledge of other employees.

But large scale strategic innovation-learning interventions (see for example Buijs, 1987<sup>2</sup> and Sluisman et al., 2010<sup>3</sup>) have reported on how innovation consultants can teach businesses. Buijs' industrial innovation project involved 155 companies that were taught by 60 consultants over a period of five years resulting in some very positive findings. The project underwent a further evaluation a year later on the long-term effect of the programme, revealing very concrete findings to support the teaching of innovation in industrial organisations.

This paper reports on a project that differs from others in the way the in-house learning was customised to the needs of individual SMEs; where the innovation consultants served as change agents while helping the companies improve on their structures, systems, processes and technologies that strengthened the business foundations. These were complemented with offsite business skills' workshops in areas such as intellectual property, marketing and metrics development. The firms were also assisted with specialists from higher education institutions to work on developing new products. In this project, innovation-related activities was defined as committing resources to developing new products, processes or services; significantly improving existing products, processes or services; or developing new niches or business models for the firm.

## Methodology

The innovation variable was aggregated from the self-assessment questionnaires prepared by William Tate (2003)<sup>4</sup> in The Business Innovation Audit. The business skills variable was consolidated from a self-assessment questionnaire involving ten generic business skills. As the project involved three yearly cohorts and three regions, nominal monetary values were adjusted for inflation and exchange rate to achieve real values. Outputs from the project were then analysed across the SMEs using descriptive statistics and comparison of means of the data at initiation and finalisation of the project. Acknowledging the limitations of the small sample size, robust multivariate regression techniques were applied that sought to confirm relationships between short-term company performance and experimental variables of interest.

## Results and Implications

The companies were successful in implementing most of the following: new and improved products; new and improved processes; new and improved services; new business models; funding and support applications, and; technology transfers and licences. The average results at the end of the year-long in-house learning project revealed increases in real sales turnover, real net profits and real gross profits. There were also increases in the number of employees, the innovation capacity of the owner manager and the consolidated business skills of three team members who were directly involved in the project. Relationships were also established between SME performance and factors such as the export orientation, firm size, age, business skills and the owner-manager's innovation capacity. The results support the notion that the impact of innovation on financial performance is more significant in the medium to long term than the short term.

Although the project was initially focused on innovation, an individual evaluation of each SME's state-of-readiness revealed varying levels of shortcomings in the robustness of business foundations. The innovation learning process which was customised to each company was therefore extended to streamline these foundations. Addressing issues such as financial 'bleed' also improved managerial commitment to the project. Policies aimed at building and enhancing innovation capacity of SMEs have to factor in the fact that robust business foundations are also essential for long-term competitiveness. Innovation projects should also run for longer periods to help create a culture that can sustain long-term innovation capacity.

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<sup>2</sup> Buijs, J. (1987), "Innovation can be Taught", *Research Policy* 16, 303-314.

<sup>3</sup> Sluisman, R., den Hertog, F., Lambrechts, F. & Lommelen, T. (2010), "Robust Regional Innovation Policy Learning: Key Lessons from a Large Scale Intervention Program", *Argumenta Oeconomica* 1 (24), 89-107.

<sup>4</sup> Tate, W. (2003), *The Business Innovation Audit*, Devon, UK: Cambridge Strategy Publications.

Track title: Family Business

## **Social Class and Family Background Effects on Entrepreneurial Ventures**

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**Keywords:** Social class, family background, entrepreneurship, entrepreneurial intention.

Track title: Family Business

## **Social Class and Family Background Effects on Entrepreneurial Ventures**

### **Aim**

This paper explores the relationship between social class and entrepreneurial orientation and tradition among undergraduate students in two large urban universities in Brazil. By using samples and operationalizations unique in the current literature on entrepreneurship in Latin America, it is possible to raise new questions and pose new answers about the relation between social class and entrepreneurial behavior in the region.

### **Background Literature**

The relationship between social class and entrepreneurship is as interesting and dynamic as it is fraught with conceptual and empirical challenges. As an example, consider only the relationship between entrepreneurship and social mobility (Amoros and Cristi, 2010; Solimano, 2005). Different social classes are equipped with different social and cultural capital with which to formulate and execute an entrepreneurial vision. At the same time entrepreneurial activity is well known as a means by which some persons move from one social class to another. Indeed a large proportion of the world's wealthiest persons became so through their entrepreneurial activities (Shane, 2009). Yet again, wealthy entrepreneurs of lower class origins have often been snubbed in their overtures to traditional upper classes despite the fact that their wealth far exceeds that of the "old rich." Just the thorough study of how entrepreneurial behavior relates to social mobility could be the subject of several lifetime's research.

Part of the reason why the relation between class and entrepreneurship is interesting is because economic development, social class, and entrepreneurial activity appear to interact powerfully (Quadri, 2000). It is well accepted that the industrial revolution in England was carried out in large part by entrepreneurs from the middle classes (Doepke and Zilibotti, 2005; Weber, 1930). It is also generally believed that the size of the middle class is closely related to the economic development and growth of a country if not its rates of entrepreneurial activity (Acemoglu and Zilibotti, 1997; Khras, 2010). Hence the relationship between class and entrepreneurship is interesting for both purely intellectual and policy formulation reasons. The modest literature that exists relating social class and entrepreneurship contains a variety of different models of how these variables interrelate, including several diverse causal orderings among variables (Doepke and Zilibotti, 2005; Galor and Weil, 2000; Hansen and Prescott, 2002).

If our understanding of the relationship between class and entrepreneurship generally is tenuous, it is more so in Latin American, where entrepreneurship studies are in their infancy. Yet the importance of social class in the region, the unequal distribution of wealth and life chances, and the relative dearth of successful entrepreneurial ventures makes the study of social class and entrepreneurship especially important in the region.

The research presented here uses data from a large (n=19,627) survey of entrepreneurial behavior, intentions, and interests of Brazilian university students and their families from two different higher education institutions to compliment what little is known about the relationship between social class and entrepreneurship in that country and to contribute modestly to the broader international debates on entrepreneurship, social class, and economic development. Our major finding is that, while the motivations, perceptions and cultural attitudes that relate to entrepreneurship vary only slightly by social class, actual family involvement in entrepreneurship and the size and growth of entrepreneurial venture directed by students vary radically. Social class affects the rate and size of firm growth, but apparently not through personal orientation, but through entrepreneurial tradition.

### **Data and Methods**

Data for the survey presented here was obtained using the Global University Entrepreneurial Spirit Students' Survey (GUESSS) questionnaire, translated and theoretically validated by experts on entrepreneurship and entrepreneurship education in Brazil. The questionnaire contains 16 sets of multiple choice questions primarily employing scales of five or seven points. Among other elements, it measures entrepreneurship education, university offerings and university environment (Souitaris, Zerbinati, and Al-Laham, 2007 – with some adaptations), entrepreneurial intentions and its determinants, including locus of control and self-efficacy (Chen, Greene, and Crick, 1998; Liñán and Chen, 2009), and a shortened scale on personal motives for career choice (Carter et al., 2003). It was made available on a website and answered online. University affiliation of students were used as a proxy for social class.

This was the first time the survey has been done in Brazil. Professors, teachers and program coordinators/directors were contacted personally by email and telephone and invited to help as research partners. They then either solicited student participation personally, by email, and/or made the link to the online

questionnaire available on the Internet/intranet sites of their schools. Data processing included frequency analysis of responses, since the sample was configured as statistically infinite (Levy and Lemeshow, 1999), and correlation analysis.

Studies of entrepreneurship in Latin America to date focus on household surveys or direct appeals to business owners for information. Our research is different in that it sampled a large number of university students from two large but distinct institutions. One attracts lower middle class university students who are overwhelmingly the first generation which has been able to pursue a university education. The other is a traditional private university which has catered to the upper middle classes for almost a century. The distinction between these universities permitted us to operationalize social class differently, and perhaps more accurately than previous studies which relied on self report to identify the class position of respondents. It also permitted us to compare perceptions and aspirations of students whose families are involved in entrepreneurial activity with those whose families are not so involved.

## Results and Implications

Using this distinct sample and operationalization of social class, we find that, from lower to higher (lower middle to upper middle) class levels, the incidence of entrepreneurial involvement on the part of the family increases as well as the size of the resulting enterprise, but the attitudes of the second generation regarding family, their perceptions of support, and locus of control, among other individual level variables appear to be little affected. This points to the possibility that despite the high power distance and great inequalities which are axiomatic in Brazil in particular, and Latin American generally, perceptions and attributes that are important to entrepreneurial behavior may vary less on the part of those who succeed in securing a college education than one might intuitively expect.

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## **The Role of Quality Management for Customer Satisfaction in Micro Businesses**

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Keywords: Microbusiness, Quality, Management, Customer Satisfaction

**Track Title**

Small Business Management

**Paper Title**

The Role of Quality Management for Customer Satisfaction in Micro Businesses

**Aim of the Paper**

This study explores the applicability of quality management principles for microbusinesses. Existing models, such as the ISO 9000 approach and quality excellence models, are not widely applicable to microbusinesses, because these models assume a possibility of defining a separate function for quality management within an organization. Dandridge (1979) argues that concepts for large firms do not necessarily transfer well to small businesses. This suggests that the validity of existing studies measuring the effect of quality management concepts is questionable if the measures are not adapted to the specific situation of the object of analysis. In this paper, we first address why quality management might be relevant for micro businesses. Then, using evidence from data, we discuss the nature of quality management in micro businesses and how quality management influences customer satisfaction, a key aspect in the sustainability of the microbusiness. This paper is of particular value to EU policy makers; over 90% of EU businesses are micro-businesses employing fewer than 10 people (EIM, 2013). The vast majority of new businesses start off as micro-businesses, a fact recognized by the Irish Department of Jobs Enterprise and Innovation in its Action Plan for Jobs with targeted support for micro businesses (DJEI, 2013).

**Background Literature**

An exploratory study found that investments in product quality by entrepreneurs helped them establish a positive local reputation (Petkova, Rindova, & Gupta, 2008), which could aid them in acquiring resources as they grow. Yet, there is evidence that small manufacturers have difficulties practicing good product innovation practice (Caglian & Spina, 2002), which includes a focus on quality. Quality management literature emphasizes proactive and preventative management practices, yet new and small firms typically are reactive in their management practices. The lack of proactive activities in new or small firms reflects the lack of necessary resources to implement a quality management function and their processes are not complex enough to justify investment in these functions. In the case of small or new ventures the concept of quality management is very different from that of more established medium or large enterprises, but yet if quality management is not a priority at early stages of a firm, it is unlikely to become part of the culture as it grows. All firms begin small, and the processes set in place at the early stages of new ventures create a path-dependent trajectory that influences the organization throughout its lifetime. A reactive or proactive approach influences how and whether the firm grows. It may also influence the subsequent new organizations entering the same industry. Based on different types of costs for quality (Campanella, 1999; Pyzdek, 2003), we propose that Quality Awareness (Milne and McDonald, 1999; Anttila, 2008; Jolton and Jones, 1995) drives both Quality Prevention and Quality Correction Activities, and both influence Customer Satisfaction.

**Methodology**

We conducted a study of micro businesses to explore the relationship between quality awareness, prevention and correction, and the relationship of those activities to customer satisfaction. Using the categories of a quality management award such as Kaldenberg and Gobeli (1995), and applying it to micro businesses, we developed a specific measurement model addressing quality awareness and two major quality management activities: correction and prevention of product or service offers.

First, we tested our measures by including them in a survey of business owners of microenterprises in the USA. We had sufficient data (sample size of approximately 100) to conduct reliability analyses and refine our measures. We then collected data in two regions of Ireland. The Irish data sample was based on collaboration between one of the authors and two organizations: the North Dublin Chamber of Commerce and a rural state enterprise development agency in the southwest of the country. Data were gathered with a questionnaire sent out to over 250 microbusiness owners/managers. The dataset was cleaned to ensure that the sample included only those records fully complying with the criteria and where all questions were answered. The final dataset consists of 83 micro business owners providing a rich dataset allowing rural-urban, sectoral, life-stage comparisons.

We validated our measures of quality characteristics and quality practices. Quality awareness included two different measures, the importance of quality, and the level of employee involvement in quality activities. To reflect Quality Prevention, we used two different measures: The level of quality monitoring (primarily related to inspection) and the quality infrastructure (the degree to which policies and procedures and records of quality were maintained in written form). Quality correction was measured by the degree to which the cost of fixing defects affected profits.

We conducted empirical tests of our two research questions. For the question, “What is the nature of quality management in micro businesses?” we conducted correlation analyses and examined descriptive statistics. To address the question of how quality management influences customer satisfaction, we examined correlations and the results of regression analyses.

### **Results and Implications**

There were some striking results in our examination of the nature of quality management in micro businesses. The awareness of quality in the firm is extremely high. Both the importance of quality and the level of employee involvement were skewed to the very top end of the survey scale, providing evidence that quality is viewed as an important outcome to small business owners. This makes some sense when considering that quality of products or services is often the key competitive advantage of a small business, since they lack the resources to compete based on cost or constant innovation.

Also, even though the awareness was uniformly high, variation even within that small range was related to variation in both prevention and correction activities, implying that the awareness of quality translated into actual quality management activities. The importance of quality was significant and positive related to both quality prevention variables, quality monitoring and quality infrastructure, at levels above .5. Employee involvement was related to both quality prevention and quality correction, but at slightly lower levels (.38 and .42).

Our second research question examined the relationship of quality management activities to customer satisfaction. Satisfaction is a key indicator of performance and success in a small business, as it is immediately visible and available. Our correlation analysis yields evidence that although quality awareness (both the importance of quality and employee involvement) are significantly related to customer satisfaction, there is a stronger relationship between those variables and quality prevention and correction activities. This makes sense, since quality awareness itself will not provide an immediate benefit to customer satisfaction – it takes actual quality management activities such as prevention and correction in order to satisfy customers more fully. Regression analysis confirmed these results, as quality monitoring and quality correction significantly and positively influenced customer satisfaction (controlling for size and age of the firm). However, quality infrastructure (another prevention activity) had no effect.

The results of this study contributes to a better understanding of how micro business owners can manage an issue hitherto insufficiently addressed in the quality management, entrepreneurship, and small business management literature. Our study contributes to filling this gap and providing a starting point in the literature on quality management in small firms. Our results increase our understanding of how under-resourced business owners manage quality. Simple organizations lack sufficient resources and experience to adopt sophisticated quality processes, but this is compensated by the direct effect most employees have on customer satisfaction. Everyone is on the “front line,” interfacing with the customer and responsible for the customer’s happiness with the service or product.

## Track Title

Sustainability

## Paper Title

# Waste Efficiency within SMEs: Insights from an UK-based Exploratory Study

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Key Words: waste efficiency; consultancy; social innovation; SME

## Aim of the Paper

This study is part of an on-going research project to find better ways to understand, motivate and support SMEs to develop Resource Efficiency – a concept often subdivided into Energy, Water, Waste or Transport Efficiency. The main purpose of this study is to understand how SMEs in England improve Waste Efficiency, and to identify common patterns emerging during the process of implementation.

## Background Literature

Small and medium-sized enterprises (SMEs) are an important source of job creation, yet account for 70% of environmental pollution in the UK. They have potential to help solve economic, social and environmental issues and consequently have attracted increasing political focus. Current European policies aim for better resource efficiency to improve financial performance and to reduce the environmental impacts of SMEs. Conversely, their sustainability practices are, in general, poorly understood. Moreover, the lack of scientific literature implies that the way in which British SMEs approach waste efficiency have not been thoroughly explored.

## Methodology

The authors used Mixed Methods Sequential Exploratory design to investigate the database of an environmental consultancy containing information about projects aimed to develop Waste Efficiency within SMEs. Documentation concerning four projects – based in England - was subject to thematic analysis and, subsequently, the frequencies of themes were calculated and inserted in a meta-matrix in order to determine overlap and cross-linkage. Information and the transcripts of feedback of 182 SMEs formed the basis on which to study the implementation process. The execution of the present study has been approved by Oxford Brookes University's Ethics Committee.

## Results and Implications

This research identified motivations to improve waste efficiency and obstacles encountered by SMEs throughout their implementation process. The findings challenge the assumption that SMEs are singularly motivated to carry out changes based on financial gains, showing that many enterprises were driven by the possibility of improving their environmental performance. The results also reinforce previous findings, from related fields, that SMEs face a wide variety of challenges when developing sustainable practices.

Issues related to human resources, organisational structures and lack of required financial investments were common hindrances to the implementation of necessary improvements. Many SMEs also stated that the changes suggested by the environmental consultant would not benefit the financial performance of the firm, which is seen as a problem since this was the incentive offered by the consultant initially. Pre-existing contractual agreements, physical limitations and external influences were other types of obstacles encountered by SMEs when implementing changes to achieve waste efficiency. Nevertheless, the most frequent type of issue emerging in the data analysis was that directly related to the environmental consultancy, such as insufficient provision of information about the implementation procedures. Moreover, the quantitative analysis showed that 40% of the participant organisations did not implement any of the recommendations to improve waste efficiency. Among those, problems directly related to the consultancy were the most frequently occurring issue; followed by obstacles associated to human resource.

This study illuminated two main problems concerning SME's. The first, in agreement with findings from previous research, is that SME's lack the internal resources needed to develop the practices required by

decision-makers to benefit society. The second relates to the consultancy's inability to support SME's to overcome the challenges imposed upon them due, on one hand, to the gap between their potential for change and the expectation derived from increased focus and, on the other, a failure to understand and connect with the SMEs, arising from an underdeveloped understanding of this type of advice provision.

The authors challenge the effectiveness of current models of environmental consultancy in the context of SMEs. Furthermore, we argue that a shift from focusing only on quantitative measures to including qualitative considerations is necessary to add sustainability values into the concept of waste efficiency as well as facilitate its implementation within SMEs. This paper will also present a social-based model of environmental consultancy that we believe will better support SMEs to improve waste efficiency.

Our findings have important implications for practitioners, decision-makers and academics. We suggest that scientific studies use a quantitative approach to determine the extension to which motivations and hindrances influence the achievement of waste efficiency. In addition, we argue that resources should be directed to increase the understanding of the issues surrounding the environmental consultant, as well as finding creative ways to support social innovation, in the context of improving waste efficiency within SMEs.

## **Influencing Start-Up Decision to Tanzanian Females: What's Wrong with Country Policies**

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**Keywords:** Female Entrepreneurs, Policies, Strategies, Start-up influence, Religious institutions  
Tanzania.

## Track Title

Policy

## Paper Title

Influencing Start-Up Decision to Tanzanian Females: What's Wrong with Country Policies

## Aim of the Paper

This study aims at investigating factors influencing the entrepreneurial decision of Tanzanian females to start-up their own businesses. The study objectives are:-

- To identify factors influencing Tanzanian female entrepreneurs to start-up their own business.
- To evaluate government policies and strategies influencing start-up decisions among Tanzanian female entrepreneurs.
- To develop the framework/model for encouraging Tanzanian females to start-up their own businesses.

This particular study of Tanzanian female entrepreneurs aims at investigating factors influencing the entrepreneurial decision to start up own business which are mostly due to country policies and strategies existing within Tanzania. An identification of the personal/individual factors, environmental factors as well as perceived barriers influencing Tanzanian female entrepreneurs to start-up their own business has been made. This was followed by the evaluation of the Tanzania country government existing policies and strategies influencing start-up decisions to among Tanzanian female entrepreneurs.

## Background Literature

Female entrepreneurship and small business activities have become the most spoken agenda due to its special way of raising the economy within their families, societies as well as globally. Support of this notion, Brush et al., 2006; de Bruin et al., 2006, 2007; European Commission, 2005 as they all argue that, female entrepreneurs play a very crucial role in the development of the world economy. However, the most trusted source of data on the entrepreneurial and SME activities which is the Global Entrepreneurship Monitor (GEM) project estimates that, currently there are more than 126 million women engaging in entrepreneurial activities (GEM, 2012). Despite the growing importance of female entrepreneurs, they are still understudied and the scantiness of research on female entrepreneurship in developed economies is well documented (De Bruin et al., 2006, 2007; Baker et al., 1997). Recent studies suggest that research on female entrepreneurship comprises only less than 10% of all the research in the field (De Bruin et al., 2007). So this means that we know comparatively little about female entrepreneurs apart from the truth that they contribute positively to the Gross National Product (GNP), jobs and innovation, as well as societal welfare, globally (Brush et al., 2010; De Bruin et al., 2007).

The increase in the number of Tanzanian women in business start-ups has led to the need of identifying their influencing factors as well as the role of their activities in the economic development of their societies. As a matter of fact, broad perception of female entrepreneur's decision to start-up own business according to Cooper (1971) seem to have been affected by the factors which fall under three groups of influence namely: *Antecedent, Incubator and Environmental*) upon the entrepreneurial decision. The rationale of studying female entrepreneurship activities in this particular project lies in obtaining a deeper understanding of Tanzanian female entrepreneurs initially using the model suggested by Cooper in 1971. This seemed to be important as, to the best of the researchers' knowledge; the study of female entrepreneurship within Africa is very limited. According to the World Bank (2007), the study of female entrepreneurs was found to be scanty with geographically uneven distribution and skewed focus of the study and academic papers concerned with female entrepreneurship and their contribution to the economy. It is also important to note that African entrepreneurship is not currently as strong a concept as European or American entrepreneurship (Nziku 2012).

Following the review of country official documents and various reports written within the country and internationally by both governmental and Non-Governmental organisations (NGOs); it has been noted that within Tanzania there are number of governmental programmes as well as collaborations of the international organisations like the International Labour Organisation (ILO) which seem to lack cooperation and coordination in some of their ad hoc activities while solving different problems to

among female entrepreneurs (Research on Poverty Alleviation, REPOA, 2010). Therefore, this study will inform Tanzania policy makers on the governmental policies and strategies for sustainable encouragement and development of female entrepreneurs as a poverty reduction strategy in developing economies. This will also stimulate government awareness towards influencing females' decision to start-up by improving essential support needed as well as developing small business activities and promoting creation of an environment suitable for female entrepreneurs' activities to flourish as well as building self-confidence to among female entrepreneurs.

## **Methodology**

Due to researcher being positivist, an empirical study has been conducted within the United Republic of Tanzania (URT) using a sample of 466 Tanzanian female entrepreneurs across three regions participated through completing questionnaire designed for gathering primary data. Opportunity sampling of respondents was used to obtain the study respondents. This was based on the basic criteria which were set by researcher that; only female who are running their own business activities excluding those who run family business was employed. Antecedent factors, government initiatives, economic conditions, accessibility and availability of capital, examples of entrepreneurial action, opportunities for interim consulting and the availability of personnel, supporting services and religious institutions; were potential variables used for Structural Equation Modeling (SEM) analysis of data.

## **Results and Implications**

This study found some determinants that are influencing Tanzanian female entrepreneurs to start-up their own business. At the individual level, female entrepreneurs are highly affected by their low economic conditions with some successful female entrepreneurs as role models influencing their start-up decisions. From their environment, government policies supporting entrepreneurship, access to capital, and formal training have been found to have less influence on females' start-ups decision. However, religious institutions were found to play an important contributing factor towards influencing start-up decision to among females in the across regions within the country.

The study outcomes are meant to be used by researchers and policy makers, to inform the country government on the role of religious institutions towards influencing females' decision to start-up. This is due to the facts which have been proven by many researchers that; female involvement in starting and developing their own business activities provides job opportunities not only for themselves but also to their families and community around. This is among of the major and key important driver for improving peoples' living as well as country economy and poverty reduction.

The study is expecting to provide policy makers, governmental and non-governmental organisations/institutions with additional information regarding the activities of female entrepreneurs within the developing countries. Together with raising awareness on the important role played by religious institutions in some countries as it has been found in this case of Tanzania. This will be useful in developing suitable strategies for influencing female entrepreneurs' start-ups. The study findings prove to be a rich resource for policy makers at every level of government and forming the intellectual underpinnings for legislative, regulatory and business support improvements to Tanzanian female entrepreneurs. This will provide a comprehensive summary of the literature with regard to risk, entrepreneurial experience of women, and discussing the likely policy measures required to encourage female entrepreneurs within Tanzania and other developing countries.



WORLD  
CONFERENCE ON  
ENTREPRENEURSHIP



**Track Title: Education**

**Paper Title:**

**The Effect of Income and Education on Entrepreneurial Intentions in Nigeria**

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# **The Effect of Income and Education on Entrepreneurial Intentions in Nigeria**

**Keywords: Income, Education, Entrepreneurial Intentions, Nigeria, logistic regression, adult population**

## **Aim of the Paper**

With a population of over 170 million, the main challenge to the Nigerian government is to ensure that the people are able to enjoy a decent standard of living and find employment. This is because the formal sector is still small, and most of the entrepreneurs operate in the informal sector of the economy, which is becoming unattractive to the increasing number of young people looking for employment. In recent times, government had implemented many financial and educational programmes and interventions aimed at improving the welfare and entrepreneurial activities of the people, although all these had not led to the creation of sufficient wealth and employment in the country. According to Global Entrepreneurship Monitor (GEM, 2012), while over 80 per cent of adult population (18-64) saw opportunities for entrepreneurship and have confidence in their ability to run a business, only 44 per cent expressed the readiness to commence business over the next three years. The GEM study further shows that lack of finance and a low level of education and training are still the biggest challenges facing entrepreneurs in Nigeria. Therefore, the main aim of the paper is to determine the effect of income and level of education on entrepreneurial intentions in Nigeria. Specifically, the study seeks to understand how income and education can foster entrepreneurial intentions. Thus, it is hypothesised that: (1) people annual household income positively affect entrepreneurial intentions; (2) the more education people have, the likely the probability of intending to start a business.

## **Background Literature**

Entrepreneurial intention is defined as the direction of an individual's interest and actions towards self-employment instead of organizational employment (Souitaris, et al., 2007). Krueger (1993) defines entrepreneurial intentions as a commitment to starting a new business. Lee & Wong (2004) cited in Linan & Chen (2009), argue that entrepreneurial intentions would be the first step in the evolving and – sometimes – long process of venture creation. Reviewing factors affecting entrepreneurial intentions, Wang, Lu & Millington (2011), observe that the factors of family, education, availability of financial and social supports indirectly impact entrepreneurial intention through perceived desirability (the attractiveness of starting a business) and perceived feasibility (the degree to which the individual feels capable of starting a business).

Based on the intention to start a business, the entrepreneur requires financial supports which may come from his personal savings (income) from the previous employment or borrowing from the formal or informal financial institutions. But because the income level is low in Nigeria, savings become a big challenge to potential entrepreneurs. Thus, the idea of household income of the entrepreneurs arose from the inability of the formal and informal financial institutions to satisfactorily provide credit for the poor nascent entrepreneurs, who are desirous of starting businesses, but lack the necessary capital.

On the issues of entrepreneurship education, there is need to determine the extent to which entrepreneurship programmes influence people's entrepreneurial intentions and attitudes (Hytti and Kuopusjarvi, 2004). Gibb (1996) cited in Herderson and Robertson (2000), expressed two concerns about adult attitudes to entrepreneurs as a career. First, the need to link entrepreneurial behaviour more fundamentally with learning process in a way that goes beyond adding transferable or soft skills to the educational process of a series of separate events. Second, how to find a framework for exploring the link between the processes of small business management, associated learning needs and entrepreneurial behaviour. As Liñán, Rodríguez-Cohard & Rueda-Cantuche (2010) observe, education has been considered one of the key instruments to increase the entrepreneurial attitudes of both potential and nascent entrepreneurs.

## Methodology

The study examined the effect of income and education on entrepreneurial intentions in Nigeria. The study is based on the Global Entrepreneurship Monitor (GEM) approach, which is a tool to assess the current and future state of entrepreneurship, based on rigorous annual surveys of a representative sample of entrepreneurs in the 18-64 age range. The data for the study were obtained from the 2012 - 2013 Nigerian surveys of the GEM of the adult population in the country (N=7335). The dependent variable, entrepreneurial intention, was measured by probability of the respondent to start his or her own business. This was a dichotomous variable, with yes/no statement: *Are you, alone or with others, expecting to start a new business, including any type of self-employment, within the next three years?* The entrepreneurial probability of those who have no intention to start a business was recoded as zero, and for those having intention to start a business in the next three years, the probability was recoded as one. The independent variables mainly consisted of annual household income and the highest level of education completed, and a number of control variables (gender, fathers' occupation, mothers' occupation, employment by others in full-time occupation, employment by others in part-time work, mentoring, entrepreneurs' skills and experience, and future opportunity). Since the control variables are not the focus of the study, no specific hypotheses were made about them. The study made use of the techniques of binary logistic regression model to analyse the data.

## Results and Implications

The descriptive results of Jargue-Bera (JB) statistic indicates that all the data series are normally distributed. Evaluating normality indicates that the acceptable range of - 1.0 to + 1.0 was satisfied for all the variables. The descriptive results of means present an overall average of entrepreneurial intention of 48 percent. This indicates that approximately one out of two individuals (18-64) has the intention to start a business in Nigeria. The result supports the Global Entrepreneurship Monitor (GEM, 2012), which reported that 35 per cent (approximately one out of 3) of the adult population has the intention to start a new business within the next three years.

The results of the binary logistic regression indicate that there exists a positive and statistically significant relationship between entrepreneurial intention and income ( $p= 0.001$ ), indicating that as people earn more income and move out of poverty, more employments are created. This implies that people who have high income develop high attitude toward entrepreneurship. The results further show that there is a positive and statistically significant relationship between entrepreneurial intention and the level of education of the entrepreneurs ( $p=0.009$ ). The results imply that the more education people have, the likely the probability of intending to start a business. Interestingly, the study further shows that entrepreneurs' intentions are positive and significantly influenced by the occupations of the entrepreneurs' fathers ( $p= 0.011$ ). The results support the study by Wang, *et al* (2011) that children with family business background have a higher probability to become entrepreneurs, and that parents can provide more financial and (or) social supports to their children to start their own business, apart from acting as role models. Also, people who are employed by others in full-time occupation ( $p=0.001$ ) and those employed by others on part-time work ( $p=0.003$ ) are found to likely intend to start businesses. The result is reasonable because they would be able to access more funds which can be used to establish new venture in the future. The importance of mentoring and skills development was confirmed by the study with positive and statistically significant relationship established between entrepreneurial intentions and each of the variables of mentoring and skill acquisition.

The study has valuable implications for practice, since it indicates that if there is an increase in annual household income and level of education, then there will be stronger entrepreneurial intentions. The results imply that the annual household income and level of education are important determinants of entrepreneurial intentions in Nigeria. The study suggests that government must provide more financial and entrepreneurial focused policies that alleviate poverty and support education, which will lead to enormous job creation in the country.

## **How to Keep Yourself and Your Team Going When You Just Don't Feel Like It**

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Firm Performance, Small Business Management, Self-Management, Belief, Attitude, Behaviour

**Track:** Firm Performance

**Title:** How to Keep Yourself and Your Team Going When You Just Don't Feel Like It

**Aim:** Entrepreneurs, academics, policy makers, support agents or general delegates, we all have something in common. The poet, John Donne put it best *"No man is an island, entire of itself"*. No matter what our mission, title, or job description – whether we run multinational organisations or our own one-person micro-business, we all interact and rely on other people.

In our 1 hour interactive workshop, Mind Fit Ireland aims to get participants to do two things. Firstly, to think about how "YOU" can make a change that will have a positive impact on your business. Secondly, give a few practical tools that can help.

**Background Literature:**

Personal Power, The Power that Drives Performance, Alan Beggs & Graham Williams, Powerfulness Press 2010

Emotional Intelligence, Daniel Goleman, Arrow Books, 2007

**Methodology:**

Start with a quick survey of the kind of participants we have in the room – who they are, what they do and why they came to the workshop.

Set the scene – my job title is one thing, but what I do covers lots of other things (particularly for Entrepreneurs). In reality, I may be responsible for everything from raising finance, to production, sales, credit control and fixing the photocopier – when do I get the chance to do what I really should be doing? If I spend my time fighting fires, how can I focus on growing my business or achieving my long term objectives?

Participants ask themselves a question – who controls us? To what extent do I choose? Do I let things happen, or do I take control of my own actions?

What is my business purpose? (not KPIs, but the actual reason I turn up every day) How does that impact how I do my job? How does that impact how I relate to others?

At Mind Fit Ireland, we follow three basic principles:

1. Start with Belief
2. Frame your attitude
3. Change your behaviour

Then we measure results. We're not distracted by a fallacious belief that a positive mind set is all you need. It's the best possible start, but it has to be followed up by actions. What will I do to ensure that I achieve my objective – consistently? Participants use a framework to identify the activities that will contribute to their goal – 'stop the busy work'.

Starting with belief – using the Mind Fit Map identify your default state

- Helpless – "I can't do it" – a feeling of self-blame and lack of control – "it's MY fault"
- Defensive – "I won't do it" – a feeling that everyone else is to blame and a need to over-control – "It's YOUR fault"
- Powerful – "I can do it" – a feeling of confidence and self-belief "Why shouldn't I do it?"

You may be able to spot other people with these traits, but where do you fit yourself? To what extent do YOU behave differently in different situations?

Why should you care? Consider the impact of people with negative beliefs on your business (that includes you too). It's not good, and 'infects' both the people you work with and those you deal with externally (including customers).

What can I do about it? The great thing is, we can learn to change our behaviour. Participants work through four thought processes that they use on a "Really Good Day".

1. What am I thinking?
2. What drives or motivates me?

3. What am I like with other people?
4. How do I feel?

When we recognise what we are like when we perform well, we can follow these principles to get us there even when we don't really feel in the best form. Getting there is one thing, but how do we maintain ourselves in a positive state over a longer period? Participants develop their own tool kit:

1. Physical tools
2. Mind Tools
3. Social Tools

Participants next examine the impact of Limiting Beliefs, and identify some beliefs that hold them back.

Finally, we discuss the importance of focus.

- Stop focusing on what I don't want
- Start focusing on what I do want
- What one change will I commit to from today that will have an impact?

### **Results and Implications:**

**Results:** At the end of the workshop, participants will have:

1. Gained an understanding of the impact of their beliefs on their performance;
2. Receive a framework to keep them focused on valuable activity;
3. Identified their default attitude, and recognise the attitude behind the behaviours of others;
4. Identified their own tool kit for attaining and maintaining confidence;
5. Understand the impact of Limiting Beliefs and Focus on success;
6. Participants identify one thing they will do differently from now on.

### **Implications:**

Most entrepreneurs have a plan – a vision of what they want to achieve. They are generally experts in their sphere of operation. For many, the biggest impediment to success is not the world economy, difficult clients or aggressive competitors – they're part of doing business. No, the biggest impediment to success is often ourselves, our limiting beliefs and our shared outlook. If we focused our time, attention and ACTION on the things that have the biggest impact on our business to make them happen – what could we achieve? If our teams gain one additional hour of productive time per person per week, how much will that improve our bottom line? If unproductive or unhappy people in our company worked more confidently more consistently, what could we potentially accomplish?

# **Strategic Entrepreneurship in Multinational Subsidiaries**

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## **Key Words**

Strategic Entrepreneurship, Entrepreneurial Orientation, Strategy, Subsidiary

### **Aim of the Paper**

Strategy development is the entrepreneurial activity of organisations (Mintzberg & Waters, 1985). While headquarters in large multinational corporations is the ultimate arbitrator of strategy, the literature accepts that to varying degrees subsidiary managers contribute to their strategic direction through engaging in strategy development activities (Birkinshaw & Hood, 1998, Taggart, 1998a). However, there is little empirical evidence to add to our understanding of subsidiary management strategic activity, and in particular, how subsidiary general managers engage in strategic activities which foster entrepreneurial behaviour at the subsidiary level. Drawing on the middle manager perspective of strategy, this paper identifies the different strategic entrepreneurship activities undertaken by subsidiary general managers and how those activities impact upon key entrepreneurial outcomes.

Traditionally, the strategic role of the subsidiary manager was based on their capacity to maintain and grow the local operations while managing their unit's relationship with corporate headquarters. This view no longer captures the mounting constraints facing subsidiary managers and the array of skills required to be successful in the modern MNC. Paradoxically these constraints are matched by a growing expectation that subsidiaries must create knowledge and innovation and develop their mandate. A number of strategic options remain under the control of subsidiary managers which can enable units to achieve these conflicting goals. Subsidiaries retain the ability to reconfigure resources and develop capabilities which drive development (Birkinshaw & Hood, 1998), improve performance (Subramaniam & Watson, 2006) and influence the MNC as a whole (Andersson, Bjorkman, & Forsgren, 2005, Williams, 2009). However, subsidiary management research has been slow to explore the enactment of strategic entrepreneurship activity at the subsidiary management level. We address this oversight by proposing and empirically testing an organising framework for subsidiary management strategic entrepreneurship activity, by applying the middle manager perspective of strategy development to the subsidiary general manager. Preliminary findings confirm the strategic entrepreneurship activity of managers in multinational subsidiaries has a direct relationship with entrepreneurial outcomes at the subsidiary level.

### **Background Literature**

Considering the depth of subsidiary management research it is noticeable that from a strategy perspective there are few clear insights to guide either researchers or subsidiary managers (Dörrenbächer & Geppert, 2009, Scott, Gibbons, & Coughlan, 2010). The underlying premise of subsidiary strategy is that despite the constraints placed on subsidiary management by headquarters and the marketplace, subsidiaries still make decisions of their own volition, not simply on behalf of HQ. A subsidiary's role is assigned to it by the parent company, whereas subsidiary strategy suggests some level of choice or self determination on the part of the subsidiary (Birkinshaw & Pedersen, 2009). Analysis of subsidiary studies confirms that subsidiaries are engaging in strategy development, at least at a local level, with a view to building or at least maintaining current resources.

Subsidiary research has evolved from taking the MNC as the unit of analysis to focusing on the subsidiary itself. We argue that attention must also shift to the unique context in which the subsidiary operates. Recent literature highlights the growing acceptance that subsidiary managers make strategic decisions related to their own unit (Birkinshaw, Hood, & Jonsson, 1998, Birkinshaw, Hood, & Young, 2005, Garcia-Pont, Canales, & Noboa, 2009). However, the position of the subsidiary at the middle level of the overall organisational structure of the MNC renders the applicability of traditional strategic management approaches for understanding subsidiary strategy development very questionable.

Isolating the impact of strategic activity at the subsidiary level is a major challenge in subsidiary management research. As the subsidiary unit must be viewed in the context of the overall MNC, it is difficult to separate organisational outcomes at the subsidiary level. We address this gap by developing and testing a framework of subsidiary manager strategic entrepreneurship. It has been recognised that subsidiary managers are capable of entrepreneurial behaviour but what has not been studied is strategic process which drives this behaviour. This research addresses this gap by measuring the impact of strategic entrepreneurial behaviour at the subsidiary management level on key organisational outcomes.

## **Methodology**

On the basis of a focus group and pre-test results, the subsidiary general manager was selected as the key informant, as in other studies of subsidiary behaviour (for example, (Holm & Sharma, 2006)). The entire population of over 1200 foreign owned MNC subsidiaries located in Ireland was surveyed for this study. A comprehensive data base was developed based on the Industrial Development Authority Ireland website (Ireland's National Development Agency), and a random sample of subsidiaries contacted to ensure that contact details were accurate and up to date. The mail questionnaire followed the 'tailored design method' of Dillman (2000) in design and administration. The success of this approach is reflected in the profile of respondents (all have General Manager/director titles, and the response rate of 18%, which compares favourably with the average top management survey response rate (Hult & Ketchen, 2001)). The draft questionnaire was pre-tested by a mix of experienced commercial managers and academics. Seven point Likert scales (from 1='not at all' to 7='to a very large extent') were utilised throughout. Reverse scoring was utilised to reduce the issue of acquiescence—the 'tendency to agree with attitude statements regardless of content' (Podsakoff & Organ, 1986), and respondents were kept unaware of the relationships under investigation to avoid over-justification issues. We utilised previously validated measures where possible (Wang, 2008) and checked for common method variance (Podsakoff & Organ, 1986). In addition, a series of 24 interviews with CEOs and senior directors from a diverse range of subsidiaries from our targeted population, addressing the key variables in our study increases our confidence that common method variance is not an issue.

## **Results and Implications**

The findings of this study confirm that managers who are engaged in strategic entrepreneurship have the greatest success in driving innovation within their units. One of the major findings was that subsidiary managers who engage in a process of building links with key actors outside of the organisation have the greatest success in driving new initiatives. These findings have major implications for the study of entrepreneurship at the middle management levels within large organisations.

From a practitioner perspective this study provides valuable insights, highlighting the distinctive entrepreneurial abilities required to be a successful subsidiary manager in today's global environment. The importance of these managers cannot be overstated. Their relative success in enacting their role can provide benefit to their own subsidiary unit, the global MNC, and the local economy in which they operate. A greater understanding of how they engage in the strategic entrepreneurship process may reveal the true value of the subsidiary general manager.

# **The Impact of a Multi-Disciplinary, Multi-cultural Enterprise Programme on Entrepreneurial Self Efficacy of Lecturers and Students**

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**Key Words:** Entrepreneurial self-efficacy, camp teaching, multi-disciplinary teaching, entrepreneurship education.

## **Track Title: Education**

### **Paper Title: The Impact of a Multi-Disciplinary, Multi-cultural Enterprise Programme on Entrepreneurial Self Efficacy of Lecturers and Students**

#### **Aim of the Paper**

This paper examines the impact of a multi-disciplinary, multi-cultural entrepreneurship programme on entrepreneurial self-efficacy of all participants. This paper draws together the concept and measure of entrepreneurial self-efficacy (ESE) (Barakat et al, 2012) in the context of camp style teaching (Bager, 2011) taking both the learner and the lecturer into account (Lope Pihie, 2011).

The intensive programme called European Creative Futures (ECF) aimed to bring together learners from different backgrounds in art, design, IT, music, theatre, business and communications, multimedia, and public relations to share experiences and, through inter-disciplinary collaboration, learn about entrepreneurship and innovation through creativity. The 2014 programme took place in January in Utrecht, Holland over a ten day period. Learners and lecturers were drawn from Ireland (Cork Institute of Technology), Finland (Lahti University of Applied Sciences), Norway (Norwegian Academy of Music), UK (Southampton Solent University) and Holland (University of Applied Sciences Utrecht). More precisely, the programme was designed to promote the development of entrepreneurial attitudes and skills among learners and to widen their professional identity. Each day the students had interactive lectures, workshops and group discussions on different topics by lecturers from the partner universities. All the students were divided into eight working groups and in addition to the lectures they had to generate fresh solutions to problems and refine their ability to create new products, processes or services for changing markets and a changing Europe.

#### **Background Literature**

According to Bager (2011) camp teaching implies changing the learning situation. Students are taken away from their normal environment to another location and mixed with students from other disciplines and/or universities and with external people. Shifting location and group composition changes the rules of the game and creates new learning opportunities. This is the structural side of the changed learning situation. The content side also changes. Rather than being occupied with the transfer of established knowledge, lecturers here become facilitators of problem and future oriented knowledge creation processes related to real life problems. The prime learning outcomes for the students are: improved understanding of other disciplines and their own; improved understanding of the application of disciplinary knowledge on real life problems; experiencing fast learning by being actively involved and put under pressure; training idea generation related to a problem; training how to develop and evaluate new concepts and plans to solve a problem; training personal attributes such as self-efficacy, creativity, complex problem solving and the dealing with complexity and ambiguity; and training presentation skills. These learning outcomes are difficult to achieve in a normal class-room setting. Camps therefore have the potential to give students a complementary learning experience as well as new competences and improved personal skills and attributes. The most important ones were problem based learning, action learning and future oriented learning. Departing from a problem, enforcing students to act and interact, and making them work future oriented, i.e., creating new knowledge rather than 'consuming' established knowledge, is core to the reaching of learning outcomes which are different from normal classroom based learning.

#### **SELF-EFFICACY AND ENTREPRENEURSHIP**

Defined as 'people's beliefs about their capabilities to produce designated levels of performance that exercise influence over events that affect their lives', the Banduran concept of self-efficacy has been shown to powerfully influence the way people think, feel and behave (Bandura, 1994, p.71; Pajares, 1996). According to Bandura, the potency of these beliefs is such that a person's 'level of motivation,

affective states and actions are based more on what they believe than on what is objectively true' (Bandura, 1997, p.2). Thus, a person's self-efficacy is said to determine their perceptions of whether certain goals are achievable, how much task-specific effort they apply in pursuit of them and how long they persist in the face of adversity (Bandura, 1977, 1986; Gist & Mitchell, 1992). Moreover, efficacy-beliefs also influence the degree of anxiety an individual experiences as they engage in a task and the level of accomplishment realised once fulfilled.

More specifically, entrepreneurial self-efficacy (ESE) has been identified as playing an instrumental role in the new venture creation process. Defined as 'the strength of a person's belief that he or she is capable of successfully performing the various roles and tasks of entrepreneurship,' ESE is seen as an important antecedent to entrepreneurial action (Chen *et al*, 1998, p. 295). A growing body of literature supports the idea that an individual's intention to start a company is formed in part by their perception of the expected outcome (Boyd & Vozikis, 1994; Chen *et al*, 1998; Zhao, Siebert & Hills, 2005; Barbosa, Gerhardt & Kickul, 2007). Moreover, across the literature, ESE is linked with a variety of entrepreneurial behaviours such as opportunity recognition and innovation and as an important variable in determining not only the strength of entrepreneurial intentions but the probability that such intentions will lead to actions (Bird, 1988; Krueger & Braezel, 1994; Kruger, Reilly & Carsrud, 2000). In support of this, Zhao *et al* provide empirical evidence that supports the thesis that individuals choose to become entrepreneurs most directly because they are high in entrepreneurial self-efficacy. Self-efficacy is posited as playing a critical mediating role between entrepreneurial intentions and three of the four antecedent variables, namely: formal learning, entrepreneurial experience and risk propensity (2005).

Based on Bandura's (1997) assertion that self-efficacy is subject-specific and context-oriented, a robust body of research has recently concentrated on measuring teacher efficacy in specific subjects and different contexts (Bayraktar, 2011; Tschannen-Moran & Johnson, 2011; Siwatu, 2011; Chong *et al.*, 2010; Betoret, 2009; Palmer, 2006; Tschannen-Moran, Woolfolk Hoy & Hoy, 1998). Accordingly, entrepreneurship scholars adopted teacher self-efficacy in order to improve teachers' effectiveness in teaching entrepreneurship (Peltonen, 2008) and students' intention and competence to become successful entrepreneurs (Barbosa, Gerhardt & Kickul, 2007; Wilson, Kickul & Marlino, 2007; Segal, Borgia & Schoenfeld, 2005; Zhao, Seibert & Hills, 2005). However, there is an ongoing debate among entrepreneurship educators and researchers on the conceptual definition of entrepreneurship, whether it can basically be taught, to what extent it can be taught (Matlay, 2008; Anderson & Jack, 2008; Heinonen, 2007; Klein & Bullock, 2006; Fiet, 2000), and which specific competencies teachers require to teach entrepreneurship (Peltonen, 2008; Gibbs, 2002). While many scholars believe that both entrepreneurship science (management and business skills) and art (innovativeness and creativity) can be taught, there are some researchers who argue that current entrepreneurship teaching methods failed to cultivate specific entrepreneurial competencies in students (Heinonen & Poikkijoki, 2006; Henry *et al.*, 2005b; Gibbs, 2002). These critical questions faced entrepreneurship teachers with serious challenges such as selection of effective instruction and assessment methods and engaging students in the process of learning that may reduce their sense of ability to successfully teach entrepreneurship (Heinonen, 2007; Smith, Collins & Hannon, 2006; Edwards & Muir, 2005; Gibbs, 2002; Fiet, 2000). To successfully deal with these challenges and develop entrepreneurial competencies in students, therefore, entrepreneurship teachers need to be strongly efficacious in influencing students' entrepreneurial learning process. However, our understanding about entrepreneurship teacher's efficacy, the sources that build their sense of teaching efficacy, and the contextual factors that affect their teaching efficacy formation and development is limited (Peltonen, 2008; Gibbs, 2002). This paper seeks to address this gap in the literature.

## **Methodology**

This paper reports on findings from written evaluation forms and survey methodology that measures ESE as devised by Barakat *et al* (2012) at two different points in time around an educational intervention (pre- and post-test). We evaluate the impact of the ECF entrepreneurship camp on participant ESE – both staff and student. ESE was assessed at each point via a common self-report online questionnaire instrument. The survey was administered to 65 participants in total, which resulted in 54 useable responses on the pre-test and 28 on the post-test. Descriptive statistics were calculated in the first

instance. A parallel analysis will then be conducted for the pre and post-test, followed by an exploratory factor analysis to determine the underlying constructs tapped by the instrument. Finally, analysis of variance tests will be carried out to assess for changes in ESE over time.

### **Results and Implications**

The findings from the survey indicate that the ECF had a positive impact on an individual's self-efficacy across the various dimensions of the construct. This positive impact is evident for both staff and student. The findings from the evaluation documentations highlights that considering different backgrounds of people and short period of time, taking part in ECF was quite a challenge for most of the students who had to adapt new and very different skills compared with those used in their every-day life. It was not just learning to think more in the entrepreneurial way, but learning to know each other, discovering their own skillset and creative capacity and working in a team. In a paradoxical way the latter is an ability, which especially for arts students is not very highly developed. Although musicians, for example, have to play in various ensembles and orchestras during their studies from the early childhood on, they seldom seem to be able to transfer the ensemble way of thinking outside the framework of music. Participating in ECF, forced them to work as groups and to establish at least some degree of team-spirit. Therefore it was very interesting to observe during the presentations, how some of the teams were more focused on the process of doing rather than the result itself. Therefore, when the final analysis is complete, this research will offer a better understanding of the impact of intensive camp based programmes for the learner and the teacher.

**Seizing Green Opportunity in the Food and Drink Industry:  
A Case Study of Bord Bia's *Origin Green* Initiative**

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Key words

sustainability, green opportunity, *Origin Green*, country of origin effect

**Paper Title**                      **Seizing Green Opportunity in the Food and Drink Industry:  
A Case Study of Bord Bia's *Origin Green* Initiative**

**Aim of Paper**

A business practice that embraces sustainability will be rewarded by new business opportunity. This finds expression in increased and new product sales, in enhanced reputation, and in significant operational cost savings. The impetus to leverage opportunity from the pursuit of sustainability is coming, in the main, from firms themselves, chiefly from larger firms, but increasingly from SME and smaller companies. However, in order to expedite this journey towards sustainable business practice, particularly at an industry-wide or country-wide level, state or government initiative is required. This takes the form of directives, legislation, subsidy, commercial support, and agency development. Such state intervention is often effective, but it sometimes is not, and can also have unintended consequences. Hence, there is need for careful scrutiny of public sector and private sector interconnection in promoting sustainability.

Bord Bia (The Irish Food Board) is a semi-state agency charged with supporting the development of the country's food and drink industry, a sector that is a key part of the economy and a very significant exporter. Bord Bia has been commissioned with the task of developing and marketing the green credentials of the Irish food and drink sector. It has recently launched a highly strategic certification and country of origin (COO) branding project, entitled *Origin Green*, to coordinate and drive this goal. Early indications suggest the project is working to plan, with strong levels of participation and buy-in from food and drink providers, and impressive levels of export gains over the last two years.

This paper presents the background and logic of *Origin Green*, analyses its workings, details the partnership approaches with members, and reports on the indicative success to date. We contend that the programme demonstrates how state support of sustainability initiatives can lead to increased sales, new eco-opportunity and, importantly for a small open economy, more jobs. In this sense, this initiative is an exemplar for other industries and jurisdictions in designing top-down, but cooperatively-driven, mechanisms to build sustainability and green opportunity.

**Background Literature**

The business case for sustainability is steadily gaining wider acceptance. Balancing the 'triple bottom line' of profit, social responsibility and ecological concern (Assadourian, 2010; Elkington, 1999) is a challenge that firms are perceiving as increasingly worthwhile. While larger firms, particularly those publically quoted on stock exchanges, are leading the way, there is growing evidence that SMEs and smaller firms are, and indeed must, follow suit (Baumgartner & Ebner, 2010; Peterson, 2013). The teaching of sustainability principles in academia is also going more mainstream (Belz & Peattie, 2009; Smith & Lenssen, 2009). A contested dimension in the evolution of sustainability is the role of government and state invention. How, and to what extent, should the state intervene to support ostensibly ideas/practice to effect change? Are taxes better than subsidies? Is encouragement better than legislation? Recommendation and practice differ across countries (Claudy et al., 2011; Lubin & Esty, 2010). Yet, given the importance and scale of the sustainability project, it is difficult not to see some level of government involvement as necessary.

Embracing sustainability in food is compelling. With the global population set to increase by more than 2 billion by 2050, the world will need to produce 70% more food from limited resources in terms of water and land. Fears surrounding food sustainability, and indeed global warming, are leading to significant actions by food manufacturers and retailers (Bord Bia, 2012; Killeen, 2000; Maughan & O'Driscoll, 2012). Further, sustainability in the food and drink sector must address a multitude of challenging issues, ranging from transport, packaging waste, farming practice, food traceability, ethical sourcing, and electricity consumption to worker's rights.

Bord Bia, the country's food export development agency, is committed to Ireland becoming a world leader in sustainably produced food and drink with its *Origin Green* campaign. Bord Bia contends that the Irish food industry's green credentials, which already enjoy global recognition, represent great potential to differentiate and enhance the value of the country's food and drink industry internationally (<http://www.bordbia.ie/OriginGreen/Documents/index.html>). To date, 300 Irish food and drink companies, large and small, have signed up for the *Origin Green* programme, committing to a protocol of sustainable production and responsible provision. This voluntary programme will see food and drink manufacturers develop a sustainability plan that sets out clear targets in key areas such as carbon emissions, energy, waste, water, biodiversity, nutrition, community initiatives, and corporate social responsibility (CSR) activities. Once approved and certified, successful members will be entitled to use an *Origin Green* logo as part of their trade marketing and communications.

## Methodology

This case study draws on extensive company and archival documents at Bord Bia. Research was also carried out at companies participating in the *Origin Green* program. As well as written documentation, interviews and observation also characterised the research process in what is essentially a conventional case study methodology (Yin, 2009). The thrust of the research is in a discovery-driven mode (Gummesson, 2000) in order to comprehend the dynamics and interconnections between green opportunity, eco-entrepreneurship, and job creation.

## Results and Implications

The government's national food plan *Food Harvest 2020* sets out ambitious targets for growth in the agri-food sector, contending that 40,000 new jobs can be created, a very sizeable figure in an Irish context. Calling for 'smart, green growth', the plan emphasises competitiveness and sustainability on the part of Irish producers and processors. These targets and objectives are further endorsed in the *2013 Action Plan for Jobs* and the Government published *Policy Statement on Growth and Employment in the Green Economy – Delivering Our Green Potential*. Bord Bia's *Origin Green* initiative has a key role here, and indeed is supporting a broader national policy for food development. Thus far, the project is successful. New member firms, increasingly smaller ones, continue to sign up. The country's exports of food and drink have grown impressively over the last two years, a period when Ireland is still trying to emerge from the detritus of the Celtic Tiger.

The case study provides useful practitioner and scholarly insight. It is an example of a worthwhile undertaking in the agri-food industry, an industry which worldwide has importance and significant challenge in the context of sustainability. It seems creditable of replication in other jurisdictions. Further, the narrative offers insight into a top-down state initiative that works in a voluntary, cooperative mode rather than a coercive one. Again this may provide a model of state involvement for governments and countries to imitate, and help answer the vexed question of the level and type of any public intervention. Finally, the case sheds light on the challenges of country of origin branding in a sustainability context.

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“From a Caterpillar to a Butterfly – Transformation in the Entrepreneurial Learning Process”.

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**Key Words:** Transformation Learning, Relationship, Facilitation, Social Learning, Empathy, Trust, Enterprising Educator.

**Track Title:** Theory and Methodology

**Paper Title:** “From a Caterpillar to a Butterfly – Transformation experienced in the Entrepreneurial Learning Process”.

#### **Aim of the Paper:**

This paper aims to explore the role of the enterprising educator as an agent of change in the entrepreneurial learning process. It will examine the experiences of the relationship between the educator and the participant as part of this process. In particular it will seek to investigate the transformation experienced by both in this relationship. Concepts from transformational theory (Askew & Carnell, 1998), social learning theory, empathy theory (Stein, 1921) and trust (Welter, 2006) and relationships are explored along with the ability of the educator to facilitate the participant at the centre of the learning experience. It is hypothesised that one can facilitate the transformation experience through the promotion of attitudes and behaviours such as self-awareness, nonjudgmental positive regard for others, good listening skills, social engagement and self-confidence which are critical in the development of enterprising educators as agents of change. The preliminary findings of an ongoing study of a sample of enterprising educators and participants will be reported on and the wider implications of same.

#### **Background Literature:**

Previous research in entrepreneurship education has focused on teaching pedagogies, the entrepreneurship learning process, experiential learning, the authentic experience, the entrepreneurial university, the entrepreneur identity, the entrepreneurship champion, the definitions of the academic/enterprising/entrepreneurship educator (McGowan & Rae, 2011; Fenton & Barry, 2011; Lewis, 2011; Penaluna et al, 2012; Carey & Matlay, 2011; Gibb, 2011; Rae et al, 2010; Pittaway & Cope, 2007; Chang et al., 2005). However, the literature is devoid of studies evaluating the role of the relationship between the enterprising educator and the participant in the joint experience of transformation. This study will address that gap.

Penaluna *et al.* (2012) promoted Kounio’s belief as expressed in Lehrer (2008, p.42) stating that “the learning process „is... gradual”. Students who are emotionally engaged in the learning process are very alert and open to learning opportunities and engage in the concept of insight. Stoll, Fink and Earl (2003) proposed that the learning process is about equipping oneself with the enhanced capacity to cope with change and complexity. These variables are synonymous with entrepreneurship and its education. A review of the literature provides a philosophical framework for considering education as transformative. Freire (1970) provides alternative models which support exploring teacher development and mentoring as reflective, focusing on the cultivation of the person in a Professional Learning Community (PLC). Research by Stoll et al., (2006) identifies three other characteristic of PLCs “mutual trust, respect and support among staff members; inclusive membership.... openness,

networks and partnerships” (Stoll et al., 2006 p.227). According to Welter (2006) trust is critical for entrepreneurship, but the process of trust formation in entrepreneurship requires further research.

The Transformatory Approach to learning defines effective learning “as learning that leads to change at the level of the individual, the group, the organisation and ultimately society”, (Askew & Carnell, 1998, p.8). It applies a holistic model to learning as opposed to the behaviourist model and recognises the role of the professional development of the educator as a key input to this change. According to Lewin’s Model of Change Management as cited in Schein, 1996, motivation for change must be generated before change can occur. One must be helped to re-examine many cherished assumptions about oneself and one’s relations to others. Does the educator teach motivation or does he/she facilitate it through the relationship with the learner? Vygotsky put forward two ideas that support the importance of relationship in education. He states that culture is critical in supporting a child’s cognitive development and so critical to learning. Parents, teachers and other significant people are key in this. He also introduced the idea that children can learn some tasks independently, cannot learn other tasks even with help of others but that there are tasks in between which can be learned in collaboration with others. He called this the zone of proximal development and also described the need for active involvement from educators providing scaffolding to aid students overcome difficulties and promoted the need for real world learning contexts. This social constructionist model of learning fits with the epistemological basis of this study. Two quotes from Vygotsky support the role which educators play as facilitators providing a scaffold through observation, relating and mentoring. He wrote, “What children can do with the assistance of others might be in some sense even more indicative of their mental development than what they can do alone.” Vygotsky (1978, p.84). He also wrote, “Human learning presupposes a specific social nature and a process by which children grow into the intellectual life of those around them.” Vygotsky, (1978, p.87). This view of learning as a social activity requires a methodology that accesses the knowledge of the key people involved and focuses them on the social nature of their endeavour.

### **Methodology:**

The qualitative methodology being employed reflects an epistemological position which draws from constructivism and post – modernism. Phenomenology is described as “a philosophical approach to the study of experience” (Smith, Flowers & Larkin, 2009, p.11). In this study, students and educators are asked to talk about their experience of relationships with significant people within their entrepreneurial learning process. An Interpretative Phenomenological Approach (IPA) is applied, developed by Smith, Flowers & Larkin (2009). This approach facilitates the collection of rich data from a small number of participants. This process involves interpretation of the participants’ interpretation of their experience. The name given to this process is double hermeneutics and underlines the researcher’s role in the development of the research outcome. This focus on the researcher’s interpretation of the participants’ interpretation of their experience of relationships during their entrepreneurial learning process is a not a novel approach with social and health sciences but is an infrequently used methodology for education based research. This approach facilitates the collection of rich data from a small number of participants’ representative of both the enterprising educator and the participants of an entrepreneurial learning process.

### **Results and Implications:**

This is an ongoing study. Preliminary findings indicate that the enterprising educator does influence change but also experiences change him (herself). It has identified the importance of the enterprising educator’s ability and willingness to learn themselves and to acknowledge and engage with their own social learning network, modelling it to the participants as a key driver of transformation. Other initial findings would seem to indicate that the formation of trust in the educator/participant relationship is not easy but can be facilitated by empathising with the participant and putting him/her centre of stage in the entrepreneurship learning process. This research will have value for the enterprising educator, students of entrepreneurship, continued professional development at academic institutions and for policy makers.

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## **What Types of Jobs Do R&D-oriented And Other Start-ups Create? Evidence from Japan**

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Keywords: employment growth, job quality, regular worker, start-up, R&D, Japan

Track: Firm Performance

Title: What Types of Jobs Do R&D-oriented And Other Start-ups Create? Evidence from Japan

Abstract

Aim of the paper:

Start-ups are expected to contribute to innovation and job creation. Several studies have been conducted so far on the determinants of employment growth in start-ups, but still little is known about the differences between R&D-oriented and other firms regarding job creation and employment growth. Moreover, although the quality of jobs (here defined as the share of regular workforce) created by start-ups is also an important issue, few studies have empirically addressed it to date. Therefore, we examine the determinants of quantitative employment growth and the changes in workforce composition (qualitative employment growth) in start-ups, comparing between R&D-oriented and other firms.

Background literature:

A large number of empirical studies have been conducted on the determinants of employment growth in start-ups, especially with regard to the effect of initial size (Gibrat's Law) (Evans 1987, Hall 1987, Lotti, Santarelli, and Vivarelli 2003, Storey and Greene 2010). Audretsch and Elston (2006) find that firms in R&D-intensive industries show a different growth pattern from those in the other industries. Based on the resource-based view of the firm, Colombo and Grilli (2005, 2010) suggest that founders' human capital is the most important business resource of start-ups and thus the most important factor for post-entry performance.

Some previous studies focus on R&D and innovation as major factors of firm growth (Freel 2000, Del Monte and Papagni 2003, Stam and Wennberg 2009). They imply that active R&D induces better growth opportunity, and thus results in higher growth. However, as Honjo, Kato, and Okamuro (2014) argue, funding of R&D projects may be difficult for start-ups. Therefore, it is crucial to examine if and to what extent R&D investment matters for start-up growth and whether the determinants of growth differ between R&D-oriented and other start-ups.

Empirical studies on the determinants of start-up growth concentrate on the quantitative increase in the number of employees (or workforce). Few papers address qualitative changes in employment in start-ups, such as the share of regular workers in the entire workforce, although the quality of created employment is also important. A recent paper (Baptista, Lima, and Preto 2012) theoretically and empirically examines the complimentary relationship between the founder's and the employee's skills, but it does not directly discuss the determinants of workforce composition or its changes in start-ups. Therefore, major contributions of this paper are that it directly addresses and compares between the determinants of quantitative growth and qualitative change of employment in start-ups.

Methodology:

Using OLS and a unique panel dataset of Japanese start-ups, we test our hypotheses on the effects of founders' education and work experience, firms' R&D investment and public subsidy on both quantitative and qualitative employment growth, and compare the estimation results between R&D-oriented and other firms. Our final sample comprises 280 Japanese start-ups in the manufacturing and software industries that were founded in 2007 or 2008 and responded to our repeated surveys from 2008 to 2011. Dependent variables are (1) the

growth rate of the workforce (including employers) from start-up to the last survey in 2011 and (2) the increase in the share of regular workforce from start-up to the last survey. Independent variables comprise founder's characteristics (education, work experience, willingness to grow, age and gender) and firm characteristics (initial size, co-founder dummy, R&D dummy or R&D intensity, independent start-up dummy, public support, bank borrowing, founding age and industry dummy).

#### Results and implications:

We have the following major findings from empirical estimations: 1) Founder's education and work experience do not significantly affect quantitative employment growth, while work experience positively affects the share of regular workforce. 2) R&D-oriented start-ups do not differ from the other start-ups in quantitative and qualitative employment growth. 3) Public subsidies at start-up increase both quantitative and qualitative employment growth of R&D-oriented start-ups, but not of the other start-ups.

These empirical findings have the following policy implications. First, start-ups without R&D activities are as important as R&D-oriented start-ups with regard to job creation as a whole and high-quality employment. Second, public support programs for start-ups should be different according to their purposes: promotion of employment as a whole or improvement of the quality of employment. Third, public support programs should also be differentiated according to their main targets (R&D-oriented or other start-ups).

**R&D, Innovation, and Performance of Start-ups:  
A Comparison With Established Firms**

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Track: Innovation

Title: R&D, innovation, and performance of start-ups: A comparison with established firms

Abstract

Aim of the paper:

Since J. Schumpeter, entrepreneurship and innovation have been regarded as major sources of economic growth. Several empirical studies confirm the contribution of innovation to productivity growth (Crepon et al. 1998, Griffith et al. 2006) and to employment growth (Hall et al. 2008, Lachenmaier and Rottmann, 2011) at the firm level. Moreover, Acs and Armington (2004) and Audretsch and Keilbach (2005) demonstrate that entrepreneurial activities measured as the start-up ratio are a key factor for regional economic growth and productivity. However, despite the importance of innovation activities in business start-ups, few studies have comprehensively examined their innovation activities in comparison with those in more established firms. Therefore, we compare the determinants of R&D intensity, innovation, and firm performance between start-ups and established firms with a three-stage model using comparable datasets in Japan.

Background literature:

Few studies have comprehensively examined the determinants of innovation activities and business performance of start-ups in comparison with those of established firms. Several empirical studies estimate the determinants of R&D input and outcomes focusing on start-ups (Kato et al. 2013) or SMEs (Hall et al. 2009). Okamuro et al. 2011 analyzes the determinants of R&D cooperation of start-ups with business partners or universities. Okamuro (2009) compares the determinants of the propensity to conduct R&D and the R&D intensity between start-ups and entire SMEs in the manufacturing sector. Huergo and Jaumandreu (2004) found a nonlinear relationship between firm age and the probability of introducing an innovation. However, to the best of our knowledge, few studies comprehensively compare the determinants of R&D intensity, innovation, and firm performance between start-ups and established firms. In order to understand the characteristics of innovation activities in start-ups, we should not only focus on R&D input, but also on innovation and its impact on firm performance. Thus, this paper bridges this gap using comparable datasets from different surveys.

Methodology:

In this paper, we distinguish start-ups from established firms as follows based on the data sources: The former are the firms with up to two years of operation, while the latter are those with more than two years of operation. We obtained data on start-ups from our original questionnaire survey for Japanese start-ups that was carried out at the end of 2008. This dataset covers around 1,000 start-ups in the manufacturing and software industries. Comparable data of established firms (that comprises around 2,000 firms) were obtained from the Japanese National Innovation Survey 2009 (J-NIS 2009) conducted by the National Institute of Science and Technology Policy (NISTEP).

A simple comparison between start-ups and established firms show that the former are 1) less likely to conduct R&D, but more R&D intensive on average, 2) less likely to cooperate with business partners, universities, or public research institutes, but more dependent on the information from competitors, 3) less likely to innovate, and 4) more likely to grow faster, but less productive and profitable.

Then we empirically analyze the determinants of R&D intensity (1<sup>st</sup> stage), innovation (2<sup>nd</sup> stage), and firm performance (3<sup>rd</sup> stage) employing the three stages model of Crepon et al. 1998 in order to consider endogeneity. In the first stage, R&D intensity is measured as the ratio of R&D expenditures per person (natural logarithm). In the second stage, we consider product and process innovation separately. In the third stage, we use labor productivity, sales and employment growth rate, and the positive profit dummy as performance variables.

#### Results and Implications:

Estimation results suggest that 1) start-ups are less innovative than established firms, but the effects of research cooperation with business partners or universities on innovation are larger for start-ups, 2) product innovation leads to higher labor productivity for both groups, but the effect of process innovation on labor productivity is positive and significant only for established firms, and 3) innovation has no significant effects on growth and profitability, except for the positive effect of product innovation on sales growth of start-ups.

These results imply that in order to promote innovation and growth of start-ups, we should provide more or better support for start-ups to engage in research cooperation not only with business partners but also with universities rather than the financial support. In general, start-up firms have scarce internal knowledge and R&D stock comparing to established or mature firms despite their greater incentives for innovation and they are heavily relied on external knowledge and research collaboration with others. Our results indicate that governments might can accelerate innovation and productivity growth more efficiently by promoting research collaborations between start-up firms and universities as well as between start-ups and their business partners, rather than by increasing public financial supports for start-ups.

# Too Much and Too Little: Enterprise Discourse and Industrial Policy in Ireland

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**Track Title** Policy

**Paper Title** Too Much and Too Little: Enterprise Discourse and Industrial Policy in Ireland.

**Aim of the Paper** The aim of the paper is to show how enterprise in Ireland has made little difference to industrial policy at one level, but is extraordinarily dominant, in a specific discursive form, at a more general policy level.

**Background Literature** Work on policy change concludes that there has been little movement in Irish Industrial Policy away from attracting Foreign Direct Investment towards prioritizing the growth of indigenous enterprises. A critical juncture theory analysis showed no higher-order changes in Irish industrial policy during the 1981-1986 crisis period (Hogan & O'Rourke, Forthcoming 2014 ). While there were lower order changes, such as the reorganization of industrial policy agencies in 1990s even as the Celtic Tiger disappeared it could be reported that 'there is no official government entrepreneurship policy' (Cooney & Kidney 2008: 4). Five years into the crisis that killed the Celtic Tiger, the current Irish government has initiated a process to produce a National Entrepreneurship Policy Statement yet 'Enterprise policy development for indigenous industry however remains largely emergent and fluid, fifty-four years on from the advent of the national export-oriented industrial policy' (Buckley, 2013: 2). When it comes to substantial policies focused on indigenous enterprises there seems to be far too little enterprise in policy.

On the other hand, it is also argued convincingly that there is much enterprise talk at the level of overall policy discourse. This has been pointed to in other, particularly English-speaking, economies (see Armstrong, 2005; Shane, 2008). An age of enterprise has been declared and its operation in 1990s Irish government policy highlighted (Carr, 2000). The relationship between the longer historical Western development of enterprise discourse and its Irish specifics has been traced by O'Rourke

(2010). Its particular and powerful articulation in post-2008 Ireland has been illustrated by Kenny & Scriver (2012).

So we seem to have in Ireland a case of both "too little" and "too much" enterprise policy - a conundrum that will have to be resolved in the interest of developing a coherent policy stance.

## Methodology

We draw on discourse analysis to both illustrate the continuing importance of, and explain the connection between, the "too little" and "too much" in Irish enterprise policy. This draws on previous work that has studied similar tensions in enterprise (Du Gay, 2004; Marttila, 2012; O'Rourke & Hogan, 2013) but takes us further in looking at the specifics of enterprise discourse in recent Irish public debate .

## Results and Implications

That the mixture of the too little and too much enterprise is still frustrating enterprise policy is clear from a recent report, produced as part of a government process to develop its enterprise policy, that declared that: 'A flat tax on all types of income at 15-20% would be a fantastic way of attracting corporations, immigrant entrepreneurs, and keeping wealthy Irish entrepreneurs here in the country' (Enterprise Forum Report, 2014: 52). That this recommendation might be a 'too big' element of entrepreneurship, and so perhaps considered 'unachievable', is quickly acknowledged by the report itself (Enterprise Forum Report, 2014: 52).

Clarifying the senses in which Irish policy has both too much and too little enterprise resonates with findings in the policy, enterprise discourse and small business literatures. The very triumph of enterprise discourse, particular in its neoliberal form, in the overall governing of the economy, may help explain its failure in industrial policy. Our view therefore complements Breznitz (2012), though we draw more attention to the discursive aspects of the impasse.

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Edwin A. Ortiz Mundo

**Track Title:** Track 1: Different Contexts for Entrepreneurship

**Paper Title:** Is Entrepreneurial Marketing an Appropriate Framework for Researching the Incubation of Socially Inspired Ventures?

**Aim of the Paper:** To advance a rationale for using the entrepreneurial marketing as a theoretical framework for researching the incubation of social ventures.

**Background Literature:**

Research literature generally agrees strong marketing capabilities are a key factor in start-up survival and success (Hills & Hultman, 2011; Usley & Teach, 2008; Shaw, 2004; Hills & LaForge, 1992). Over the past two decades, several authors (Hills et al, 2008; Stokes, 2000; Hills, 1999) have noted the marketing competencies of small entrepreneurial firms often differ from those of larger firms, given their diversity and resource constraints (Berthon, Ewing and Napoli, 2008; Carson and McCartan-Quinn, 1995). This is especially important for socially inspired ventures.

Social entrepreneurship (SE) differs from traditional business entrepreneurship (BE) (Shaw, 2004; Dees, 2001). Where BE seeks to create value for the individual entrepreneur, SE is mission driven and focuses on righting market wrongs (Yunnus, 2010, 1999; Shaw, 2004). This one reason why Mair and Martí (2006) defined SE as “a process involving the innovative use and combination of resources to pursue opportunities to catalyze social change and/or address social needs” (p. 37). Moreover, social entrepreneurs are guided by a theory of change, which explicitly or implicitly shapes the way they perceive society and their vision of a better future (Bloom, 2009). For example, community based microbusiness incubators believe the entrepreneurial zest of economically disadvantaged communities can be unleashed if only they have access to the seed capital and business development services required to turn their business idea into an operating venture.

It follows from the preceding discussion that marketing and social entrepreneurship essentially interact along the value creation axis, a point further underscored by the current AMA definition of marketing as “the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large” (AMA, 2007). This is why for some time now the attention paid by marketing scholars to how value is created and delivered to customers has risen steadily. This is also in line with the growing corpus of conceptual and empirical literature supporting a services oriented logic (SOL) of marketing.

At the core of this “new dominant logic for marketing” (Vargo and Lusch, 2004, p. 1) lies a fundamentally new way of thinking about how marketing activities contribute to value creation. Vargo and Lusch (2004) also noted that “goods are best viewed as distribution mechanisms for services or the provision of satisfaction for higher-order needs” (p. 9), while Grönroos (2006a) cautioned “(s)ervice is a perspective on value creation rather than a category of market offerings” (p. 6), stressing that value only emerges when customers use the product. Therefore, SOL recognizes that the customer experience spans every contact point from the moment the customer first becomes aware of the firm’s value proposition to after-sale support services.

This is why SOL necessarily places the firm in the role of supporting and facilitating the value generating processes of their customers, or risk reverting to a goods dominant logic. The key implication

here for incubator managers is twofold. On the one hand, successful incubation requires the project management team to assist their tenants in acquiring the necessary marketing skills. On the other, incubators themselves must excel at marketing in order to attract the right sort of aspiring entrepreneur. This is especially important for community based microbusiness incubators, where members of the management team are motivated by a desire to leverage entrepreneurialism for effecting social change but often lack formal business training.

More importantly, framing incubation within these research streams highlights its effectual dimensions. Effectuation theory (ET) views entrepreneurial marketing as a form of entrepreneurial expertise that can be learned through deliberate practice (Read et al, 2009; Read & Sarasvathy, 2005). ET posits effectuation is guided by a non-predictive form of logic that recognizes entrepreneurs operate in an ecological non-linear dynamic environment where contingencies are the norm rather than the exception. Hence, effectuation is best understood as a fundamentally actor-dependent endeavor focused on exploiting these contingencies and underpinned by the principle of affordable loss (Sarasvathy, 2004, 2001).

Hence, effectual entrepreneurs deliberately seek out others with complementary resources as a strategy for reducing uncertainty and erecting entry barriers (Sarasvathy, 2001). And since ET seeks to leverage the proficient exploitation of contingencies, effectuators must be skillful at cultivating trust and network-building to blend their valuable but limited economic resources with those of other self-selected stakeholders (Read et al, 2009; Sarasvathy & Dew, 2008; Goel & Karri, 2006). Thus, ET stresses self-efficacy as a means to opportunity creation rather than opportunity recognition (Sarasvathy & Dew, 2008). Indeed, for community based microbusiness incubators, ET provides a valid framework for addressing the effectual needs of nascent entrepreneurs through deliberate practice.

In reconceptualizing venture creation and growth as a design problem, ET moves beyond the traditional symbolic (problem solving) aspects of entrepreneurial cognition to encompass its semantic (sense making and meaning) dimensions, viewing the firm as a collaborative outcome that continues to evolve over time through the deliberate actions of a self-selected coalition of stakeholders. In this manner, incubation becomes a form of shared sense making that enables the co-creation of a valuable economic artifact (e.g.: the firm) with actual potential “for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large” (AMA, 2007).

### **Methodology:**

A literature review methodology connects social entrepreneurship, business incubation to entrepreneurial marketing, and suggests a rationale for future research in this area.

### **Results & Implications:**

Recent theoretical developments in the fields of marketing and entrepreneurship offer valuable guidance for researching micro-venture incubation. Almost by definition, business incubators are service oriented organizations that deliver value to customers by supporting them in their value generating processes. Thus, they lie squarely at the interface of marketing and entrepreneurship. Their primary focus is on venture formation and success, which calls for substantial investment in marketing activities that must be performed at two distinct levels.

First, the incubation project must market itself successfully to current and prospective tenants. Individuals actively engaged in entrepreneurial activity and those considering an entrepreneurial career must perceive the incubator as a valuable partner capable of contributing to their ventures long term success. Regardless of whether the incubator is focused on high end technologies or in empowering the economically disenfranchised, this means actively promoting the benefits of business incubation among the target population, as this perception is contingent on the ability of incubator managers to position their organization as an effective one-stop provider of business development and support services.

At the second level, the incubating organization must also support the marketing efforts of its current and prospective tenants, especially in the case of socially inspired incubation projects. As noted above, business incubation is generally conceptualized as a three stage process. Each stage entails a variety of activities ranging from identifying viable product ideas and potential customer segments to connecting with key suppliers, facilitating access to distribution channels, and support for promotional activities.

Thus, business incubators must exhibit a strong customer orientation in order to succeed. They must effectively and efficiently spot individuals passionate about business ideas with the potential to thrive in prevailing market conditions. Once identified, these individuals must be carefully nurtured and mentored to maturity, and then be allowed to move ahead on their own, with the expectation that they will reinvest in the community and serve as role models for those coming up behind them. To succeed, incubation projects must remain alert to entrepreneurial opportunities emerging in their surrounding environment and to the needs of their customers and other stakeholders, and align project facilities and services to supporting their customers' value generation activities, extending into the post-incubation phase.

**Title: Women's Innovativeness Using A Gender-Aware Framework In Micro-Entrepreneurship**

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Key Words: Micro-Entrepreneurialism, Gender, Women, Gender Framework Analysis, Entrepreneurial Orientation

## Abstract

Track Title: Gender

Paper Title: Women's Innovativeness Using A Gender-Aware Framework In Micro-Entrepreneurship

**Aim:** The paper hopes to offer the gender-aware framework, as a new framework, in the study of women's entrepreneurial orientation (pro-activeness, risk taking and innovativeness) to provide a springboard in advancing a holistic understanding and framing of women in micro-entrepreneurship.

**Background Literature:** Women's position at societal and home are multifaceted and their entry in entrepreneurship is often intertwined with gender roles and institutional structures. Existing Entrepreneurial Orientation (EO) model is not gender responsive nor it addresses gender-related constraints that form the barriers for many of women micro-entrepreneurs to access credit and entrepreneurial opportunities. Addressing the constraints possibly structural or socio-cultural could enhance EO among them. Since women perceived entrepreneurial opportunities and necessities differently than men, increased innovative offerings as economy developed, were motivated more by opportunity rather than necessity, and perceived opportunities as directly linked with entrepreneurial capabilities (managerial and leadership), the study will have a strong impact on enhancing women's abilities (visioning and charting) to exploit new opportunities instrumental in entrepreneurship and moving the economy up the value chain. Additionally, Malaysian women enterprise owners demonstrated positive assimilation in entrepreneurial and market orientation dimensions although they exhibited higher than average fear for failure when compared to Taiwanese and Chinese women. As most of the local researches mainly focused on SMEs including women entrepreneurs, studying micro-entrepreneurs is timely to recognize their major representation and ownership of the total women's SMEs economy in the Malaysia GDP's growth (32.5 %). As evidenced in the 10th Malaysia Plan, institutional enablers were set to accelerate entrepreneurship - investing in creativity, raising the capabilities and capacities for knowledge and innovation of specifically the bottom 40 % population through entrepreneur development programmes.

**Methodology:** The paper builds on an existing framework articulating the "3Ms" (markets, money/resources and management) required for micro-entrepreneurs to survive and sustain their business enterprise. It is argued here that this "3M" framework, drawn from the institutional theory, needs further development. In this study, we captured women's roles as mothers, spouses, daughters and heads of household as well as owner managers of microenterprises operating within a layered context of the "macro/meso environment" such as expectations of society and cultural norms (macro) and immediate structures and institutions – bankers/ lending institutions (meso). These extra "Ms" are added to extend and mediate the "3Ms" shaping and impacting on women's micro-entrepreneurs. It is proposed that a gendered "5M" framework be used to enable the study of women's micro-entrepreneurship to be holistic and more realistic..

Guided by the gender aware framework in innovation and micro-entrepreneurship, data from in-depth (IDI) interviews on twenty women micro-entrepreneurs in several selected states in Malaysia will be used to analyse the nature and level of innovativeness, pro-activeness and risk taking (entrepreneurial orientation) that these women perceive and exhibit in their entrepreneurial behaviour and their In addition, the IDI will explore the impact on innovation in micro-entrepreneurship.

**Results and Implications:** We postulate that women's reproductive roles, often reflected in the "motherhood" image, and played out within the household and family context actually collude, interact and intersect with the owner manager roles within the macro context as well as with the intermediate structure and institutions within the meso context. These contextual layers need to be examined and interrogated to see the impact on women entrepreneurship and innovativeness.

Practically, this analysis might have implications in the understanding of the layered sources of the challenges faced by women micro-entrepreneurs, by providing insights on the importance of the interplay of both individual and societal factors impacting on their enterprises. For policy makers and implementers, it could be the spotlight to heed past studies that have shown that policies and development are not gender neutral and to also highlight the need for an integrated approach to foster female entrepreneurs by transforming them from micro-entrepreneurship that is not blind to overarching institutionalised social structures and gender asymmetries. The uniqueness of this study is the potential ability to make explicit the social embeddedness of women micro-entrepreneurs while considering the multiple levels of influence on their micro-entrepreneurial actions.

Theoretically, the gendered aware framework helps structure a foundation for a coherent research on women's micro-entrepreneurship and advancing the gender framework analysis.

# Exploring the Shared Value Proposition in Social Entrepreneurship

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Keywords:

Social Entrepreneurship, Shared Value, Nascent Social Venture, Value Proposition, Process, Social Capital

## Track Title

Sustainability

## Paper Title

Exploring the Shared Value Proposition in Social Entrepreneurship

## Aim of the Paper

This paper addresses the tension between social and economic drivers in the context of social entrepreneurship (Smith et al., 2013) drawing upon the shared value principle (Porter and Kramer, 2011). The extant literature suggests the tension between these constructs has the potential to generate conflict and so suggests either the removal of profit-based drivers from the organisational mission (e.g., Yunus, 2010) or for outlining strategic responses to protect organisational hybridity (e.g., Battilana and Dorado, 2010). This paper aims to develop an empirically informed framework on shared value by exploring how four British nascent social ventures make sense of their (shared) value proposition during the process of organisational emergence.

## Background Literature

The assertion that theory remains far behind practice in social entrepreneurship research (Murphy and Coombes, 2009) seems apposite exploring how social and economic values combine. One way to address the gap, as Margolis and Walsh (2003) propose, is to adopt a pragmatic stance to move the focus away from variance relations to a question of how current practice combines the two forms of value. The introduction of the management principle of shared value proposed by Porter and Kramer (2011) into the social entrepreneurship conversation (Driver, 2012) emerges as a particular way forward.

The shared value principle argues that social value creation is not only a matter of philanthropy or good publicity, but an actual engine for long-term survival. According to Porter and Kramer (2011), the mutually reinforcing combination of social and economic value creation can be achieved by (1) redefining the value chain, (2) operating under local clusters and (3) reconceiving products and markets. One aspect that separates shared value from other similar business notions - such as blended value (Emerson, 2003) is that it moves the discussion away from initiatives that aim to add socially driven agendas in already established corporations (e.g., corporate social responsibility and strategic philanthropy) to entrepreneurship activity. In this context, both forms of drivers emerge at the core of the value proposition from the onset. Shared value ultimately offers a pragmatic mode to address how both forms of value combine in social entrepreneurship.

Social entrepreneurship is in danger of focusing upon definitional debates that are self-perpetuating. As noted by Nicholls (2010), there is little consensus around differing views such that there are a series of self-legitimising frameworks that contribute to a somewhat fragmented domain. Building on a pragmatic stance, this paper contextualises shared value within the different perspectives on value creation, suggesting that the area where the combination of both forms of value is explored tends to limit its scope to linear and equilibrium-based processes which preserve pre-defined hybridity (e.g., Battilana and Dorado, 2010). Shared value, however, stresses the need to explore how hybridity emerges.

## Methodology

Given that this paper explores how social and economic drivers combine, a qualitative research approach is axiomatic (Van de Ven and Engleman, 2004), thus, Yin's (2009) embedded multiple case study strategy is adopted to analyse the underlying process dynamics. The research is undertaken in the UK, exploring change events as the units of analysis within four nascent social ventures which purposefully aim to create shared value. Data has been collected through documentation, participant observation and semi-structured audiotaped interviews. Parallel in-case and cross-case analyses has been completed using NVivo 10.

## Results and Implications

The emerging empirical evidence shows that the value proposition is shaped in a volatile process, as noted by Corner and Ho, (2010) for example. Such volatility, however, does not capture the conflictual relation between a social aim and an economic goal that is assumed when it comes to the study of social ventures (see Smith et al., 2013). Each form of value does not make sense unless assessed in combination with the other. From the emerging evidence the key issues of relevance to this debate are:

(1) *Practicality*. As the evidence shows, building the shared value proposition regards goals that attempt to optimise local circumstances and not to change the world. (2) *Empowerment*. In a diversity of ways, the

shared value proposition comprises a twofold notion of empowerment. It is not only about empowering a certain targeted population, but also the empowerment of the social entrepreneur as an economic actor. (3) *Social capital*. The creation of social ties and the establishment of social exchanges, including bartering, participate in the value proposition aiming to enhance social capital as a public good at the community level and at the same time as the ability to mobilise resources at the level of the social entrepreneur. Through this bridging between community and venture levels, social capital triggers opportunities and shape the shared value proposition. (4) *Competition*. The shared value proposition tends to be centred in an innovative approach to outperform the competition, whether they are traditional businesses or third sector organisations. The capacity to perform well financially is assumed as a sign that innovation works and that, hence, the targeted social issues are better addressed.

The idea that social entrepreneurship and social enterprises are not coterminous (Luke and Chu, 2013) is stressed by the findings. The conflict-solving focus that is pervasive in the study of social enterprises does not address the mutually reinforcing process between social and economic drivers that prevails during the introduction of innovation aiming to create shared value. The social entrepreneur participating in a shared value creating initiative is an economic actor in the widest sense, bridging economic sectors through social capital. In particular, shared value creation seems to be the space where the two opposite perspectives on social capital, i.e., as a stock at the macro level and as an ability to instrumentalise social networks at the individual level, converge. From the articulation of the findings into a framework on shared value, the paper proposes a set of process-based conditions for the introduction of a shared value oriented innovation, offering insights for further research in social entrepreneurship, entrepreneurship and management studies, and the development of public policies to promote shared value creation in society.

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**Entrepreneurial Talent Development**  
- **an investigation for key factors**

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**Track Title:** Education

**Paper Title:** Entrepreneurial Talent Development - an investigation for key factors

### **Aim of the Paper**

Academic curiosity to investigate talent and enlighten talent development on entrepreneurial leaders motivated an empirical survey in 2012 on 55 entrepreneur's innate talent as well as their learned talent. The talent and especially the talent development appeared to be tightly connected to the individual entrepreneur's professional possibilities to achieve success in the entrepreneurial field.

Moreover, entrepreneurship has considerable governmental attention according to the economic impact on society and future welfare. Hence, empirical based knowledge on entrepreneurial talent development is of highest relevance to avoid the pitfalls about entrepreneurial learning in the future.

### **Background Literature**

Since Galton introduced the Hereditary Genius in 1869, scholars have discussed whether talent is born or made. In this paper, the answer on innate or learned is changed to handle an innate talent sprout *and* a learned practice in natural environment for more than 10.000 hours. (Newell, Shaw, & Simon, 1958)

Due to a lack of high standard when measuring the personality, (Davidsson, 2008) the paper presents a model of entrepreneurial personality attributes that differs between the psychological invariables and the psychological variables. The latter consist of e.g. current knowledge, opportunities, resources and role models. The article demonstrates how the psychological variables of the personality change over time due to the environment based on an example. Consequently, a significant part of the personality is seen as dependent on time and environment, which need to be acknowledged before measuring and before teaching entrepreneurial skills.

With attention to professionals in talent development, the empirical survey points out that consciousness is necessary from an early stage when time consumption is managed. Furthermore, the paper suggests that the innate talent ought to be recognized early. The loss of a natural talent that is not practiced is very hard to recover. (Ericsson, Krampe, & Tesch-Römer, 1993) It is not the papers intension to advocate for overwhelming pressure on training or practice on every talented child. Instead, the paper advocates for recognizing natural talents that afterwards are developed with pleasure by natural practice as a permanent education. The paper posits that the favored method would be nudging attention from a supporting environment as parents, teachers and mentors.

### **Methodology**

The paper explores how talent develops from two perspectives. First, a literature review is conducted on theories from entrepreneurship, leadership and talent, where scholars agree that talented individuals are born, but it occurs that the talent must be practiced and refined, otherwise it will not last. The theoretical arguments on talent development is built upon Herbert Simons first findings about 10 years practice till it was refined later as practice in 10.000 hours by Ericsson.

Second, a survey was conducted on 55 entrepreneurs from an incubation park (Nupark) in Denmark. The qualitative survey consists of an electronic questionnaire, tests, closed and open questions. The survey results outline the talent in the entrepreneur's own interpretation, and the topics that they have used 10.000 hours on and 30.000 hours on. Besides, another impact on entrepreneurs encompasses their role models along with their most significant life events, which are demonstrated in the paper. In the matter to reveal how leadership influences on entrepreneurship, the survey results are analyzed through a leadership model according to the leadership theory of Professor Erik Johnsen.

## Results and Implications

Scholars arguing for entrepreneurial success by practice (Fabling & Grimes, 2007) are met by the survey results. Furthermore, the origin of talent is found of profound individual interest, which presumably is innate. However, the success of talent is attached to practice in a supportive environment for at least 10.000 hours. Therefore, the talent of the entrepreneurs turned out to be tightly related to the professional activity.

The survey outlines the progress of leadership talent, beginning with problem solving connected to the entrepreneur's individual enterprise niche towards a more general and overall attitude, where problem solving becomes an automatic tool towards the goal for the established entrepreneur. Problem solving is seen as a main issue of the young or inexperienced entrepreneur.

Almost half of the entrepreneurs (43%) have family role models where the parents are the most dominating part (55%). Male role models are predominant but they appear not to be sex determined but rather personality determined. When no role models are extrapolated, the results outline that one fifth of the entrepreneurs does not have any role models at all (19%). In this context, family role models represent 31 %.

To some extent, the survey confirms that entrepreneurs derive from a tough childhood (Kets De Vries, M. F. R., 1999), but the survey reveals much more. The indelible traces of life events leave imprints in the mind from which the entrepreneurs benefit by using the experience in a positive way. The entrepreneurs use all the imprints and earned knowledge as an enhanced coping strategy to daily life and entrepreneurial enterprise challenges. (Siebert, 1996) The positive and negative life events in categories are: Crisis and psychological strain (25%), job related topics and education (24%), long term impact and courses (23%), positive changes' (22%), and success and peaks (6%). The analysis brings out the entrepreneurs specific preparedness for change. The entrepreneurs are forced to react on new changes in half of their life events. The entrepreneur's flair for changing a negative event to a positive challenge is recognized as a stable attribute called 'Serendipity'. (Napier & Vuong, 2013; Østergaard, 2003)

In conclusion, the basic talent skills occur from deeply grounded interests, which turn out to be a principal vector of the individual's wellbeing and thrive. Moreover, this paper outlines that the talent changes over time according to the practice that the individual performs. When anyone uses 10.000 hours in practicing, they become specialist, but if they use 30.000 hours, they become elitist with the skills to transfer learning from one area to another. (McGrath, MacMillan, & Scheinberg, 1992) The key factors to secure successful talent development are outlined in the paper: First, the time used with passion in active and natural environment on the selected topic is crucial to the result. Second, the talent has to be spotted in a very early age in matter to develop the full potential in time. And third, it is necessary to distinguish between the psychological variables and the psychological invariables of personality elements to understand, interpret and assist with talent development.

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**Gender-related Factors and Access to Finance by Women Entrepreneurs in  
Nigeria**

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**Track Title: Gender**

**Paper Title: Gender-related Factors and Access to Finance by Women Entrepreneurs in Nigeria**

**Aim of the Paper::** Women as micro and small entrepreneurs have increasingly been a key contributor to economic growth in developing economies. Providing access to finance is a necessary precondition for their continuing contribution. This study is aimed at identifying gender-related factors affecting the development of women entrepreneurs in Nigeria. Specifically it aims at ascertaining which of these factors militate against their access to institutional finance.

**Background Literature:** Among the factors perceived to be inhibiting the entrepreneurial aspirations of women in developing economies, access to finance or financial barriers has been identified as most critical. Lending decisions generally are often based on the lender's assessment of the project and the person behind it (Brush et al, 2002). In a male-dominated lending environment the likelihood is high that the initial reaction to credit request by women entrepreneurs is skepticism and curiosity. Many women loan applicants in developing economies are perceived as not fitting the stereotype entrepreneur's profile of assertiveness, self-confidence, experience and competitiveness. Apart from the perceived lack of financial competence among women entrepreneurs is the gender-gap in ownership and control of property (Garba, 2011). Brush (1992) opines that finance for business that finance for business start-ups represents the biggest obstacle for women entrepreneurs. As a result many of them start their business activities with lower levels of finance compared to their male counterpart (Carter and Rose, 1991, Carter, 2000, 2009). A high percentage of them resort to starting their firms with personal savings or support from family and friends (Woldie and Adersua, 2004).

**Methodology:** A survey instrument was developed comprising 35 elements focusing on reasons for difficulty in accessing finance, obstacles to the development of women entrepreneurship and effect of female gender-gap marginalization in accessing finance. Others the financial constraints of business start-ups and growth of women operated enterprises and ways improving access to finance for women. These elements were subjected to pertinent parametric statistical tests.

**Results and Implications:**The findings revealed that women entrepreneurs encounter problems in dealing with financial institutions as a result of their gender unlike their male counterpart. They also depend more on internal finance for their financial base while lack of requisite collateral for securing credit facility is a more serious impediment for their accessing external finance. On the whole these do affect entrepreneurial growth and expansion.

The implication of the finance-gap is that the type businesses engaged by women entrepreneurs is skewed towards small-sized firms, personal services, consumer-oriented activities and home-based enterprises all of which are not usually attractive to banks. Furthermore, the tendency for majority of women to fall into the mold of "necessity entrepreneurs" than the male counterparts can be traced to their poorer access to finance.

The foregoing suggests that appropriate policies such as an affirmative action on access to finance, removal of gender gaps in property rights, training, education and enlightenment programmes should be in place to improve access to finance for women entrepreneurs.

**Key words:** accessibility, finance-gap, gender-gap, necessity entrepreneurs, women entrepreneurs



WORLD  
CONFERENCE ON  
ENTREPRENEURSHIP



**Helping Entrepreneurs Succeed:  
Advisory Relationships in Government-funded Programs**

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Keywords: advisory relationships; mentoring; government-funded programs;  
small business; entrepreneurs; start-ups

## **Track: Small Business Management**

### **Helping Entrepreneurs Succeed: Advisory Relationships in Government-funded Programs**

#### **Aim of the Paper**

I use semi-structured interviews with business advisors and directors of government-funded small business centres throughout Ontario, Canada to investigate how these centres are structured, common challenges they face, and what aspects of the business advisory process are most valued (and why) from the point of view of program directors and business advisors. I also identify the types of skills, expertise and resources exchanged between advisors and their clients and determine whether common patterns emerge across centres.

I will use the findings from the interviews to develop a model, grounded in prior literature, which demonstrates that the centre's structure, programs offered, administrative style, and the director's and advisors' backgrounds all interact to shape whether the focus is foremost on career support or psychosocial support (Kram, 1985).

#### **Background Literature**

Governments spend considerable money funding programs and centres that are designed to help nascent entrepreneurs turn their opportunities into viable businesses (Curran, 2000). Yet prior literature has provided mixed evidence regarding the value of these programs (Massey, 2004).

A key service offered by government-funded small business centres is individual-level advising to entrepreneurs. Advisors can play an important role in helping nascent entrepreneurs develop and/or grow their businesses. Advisors may help entrepreneurs complete relatively routine tasks such as writing and initially updating business plans (Karlsson and Honig, 2009), organizing strategically by determining the type of product or service to offer, and organizing tactically through product or service development, establishing credit, and hiring employees (Lichtenstein et al., 2006). The aforementioned activities are what Kram (1985) refers to as career development functions. Advisors, however, may also provide a second type of advice which Kram (1985) labels psychosocial functions. These include helping the mentee develop a sense of professional self, counseling, friendship, and being a role model.

Research has demonstrated that connecting with advisors not only provides entrepreneurs with needed knowledge but can also make them more successful than their counterparts who do not seek advice (Larsson et al., 2003). For example, Chandler and Lyon (2009) found that entrepreneurs' involvement in knowledge acquisition activities, such as talking to knowledgeable people in the industry, benchmarking best practices and attending seminars on relevant topics, related to improved venture performance.

Considerable research has investigated the types of advice advisors provide as well as the benefits that advice may provide; what is lacking in the literature is an understanding of how the career histories of advisors and directors of centres may influence how the centre is organized and the type of advice deemed important. The purpose of this study is to address this issue.

#### **Methodology**

Semi-structured telephone interviews with program directors and business advisors at government-funded small business centres in Ontario, Canada were completed in the summer and fall of 2013. Interviewees were solicited by email using contact information that was found on the Ontario Network of Entrepreneurs' (ONE) online directory, which includes the majority of government-funded small business centres in Ontario.

Approximately one hour confidential semi-structured interviews were completed with 12 advisors and 14 directors (some of whom are also advisors) from 18 different centres throughout Ontario. Before conducting the interviews the proposed questions were reviewed by two small business centre directors. Business advisors were asked about their career histories, job duties, the positives and negatives of their jobs and the typical topics they discussed with clients. They were also asked to describe in detail the advising activities in which they engaged with a typical, rewarding and challenging client. Program directors were similarly asked about their career histories, job duties and the positives and negatives of their jobs. They were then asked about the logistics of the centre, how they advertised their services to the public, the centre's practices in terms of hiring business advisors and the client recruitment process. Additionally, supplementary data were collected from the centre websites and from government reviews of the programs.

All interviews were audio-recorded and subsequently transcribed. As the interviews were being conducted a preliminary set of themes emerged regarding advising activities. These themes captured general activities as

well as positive and negative reactions to those activities (e.g. comments about the perceived advantages or disadvantages of advising). I will use a qualitative coding software such as *nVivo* to independently analyse the interview transcripts and other archival materials for: initial themes; examples of behaviors that captured those themes; and positive and negative reactions related to those themes. During the coding process, I expect that additional themes will emerge and all interviews will be reread and coded for these themes. This process of iteratively reading and coding the interviews will continue until no new themes emerge.

## Results and Implications

Preliminary findings reveal that on the one hand there is considerable variability from centre to centre in what and how services are delivered. Many centres are run by former entrepreneurs and they bring their entrepreneurial spirit to the centres. On the other hand, the types of advising services offered are often mandated by the program offered. For example, centres may host specific programs directed at youth entrepreneurship, transitioning individuals off welfare and/or providing support for laid-off individuals to start their own companies. Each of these programs have their own set of guidelines to which advisors must adhere.

Other findings that will be investigated further include the ways in which one's own past experience shapes what one feels is valued (e.g. directors who grew up in the area they serve see this as critical to success in their jobs whereas those who did not generally do not view this as a disadvantage) as well as the tensions that advisors often feel between proving their centre's worth to the government (e.g. statistics regarding companies founded, grants obtained, new jobs generated) and serving the best interest of the customer when the best interest may be to discourage entrepreneurship.

The goal of the analysis is to develop a model, grounded in prior literature, that demonstrates how these aforementioned differences and tensions shape whether the advice that advisors provide their clients is primarily focused on career development—in other words around completing the necessary components of the business plan—or more psychosocial in nature—for example making sure individuals understand both the joys and challenges that come with entrepreneurship for both themselves and their families.

From a theoretical perspective this research will both contribute to the literature that examines what features of advisory relationships make them successful as well as the literature on knowledge management. From a policy perspective this research will provide insight about what aspects of government funded programs are valued by whom and why. It will also demonstrate how certain government programs may influence how centres operate. In turn, these insights may help to shape future service offerings of these centres.

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## TITLE PAGE

### Why and how do young firms change? A review of organizational change theories

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**Track title** : Theory and Methodology

**Paper title** : Why and how do young firms change? A review of organizational change theories

### **Aim**

This article serves to synthesize the body of literature by providing a literature review of theories which can explain the change of young firms and is structured as follows. It starts with characteristics of young firms. Then, a method to search, select, analyze and present theories is presented. This is followed by a review of existing theories on organizational change. Furthermore, empirical studies in entrepreneurship research which apply organizational change theory are presented correspondingly. The study concludes with an analysis of the theories of change that could explain why and how young firms change.

### **Background**

For decades, the phenomena of organizational change have provided a vibrant research topic (e.g. Lippitt and Schmidt 1967; Greiner 1972; and Levie and Lichtenstein 2010). Scholars in management and other disciplines have theoretically and empirically addressed this phenomenon (e.g. Van de Ven and Huber 1990; Aldrich 1999; Demers 2007).

Studies of organizational change are concerned with how organizations change and which factors drive changes in organizations, concepts per Bennis (1966) labels as theories of change. In contrast, theories of changing focus on how change can be brought about and managed in an organization (change management). Change itself refers to a transformation into forms remarkably different from the original (March 1981). This means, change is "a difference in form, quality, or state over time in an organizational entity"(Poole and Van de Ven 2004)p.xi. This differs from the term "development", which commonly refers to the "increasing" directions. Development is concerned with the *increase* of organizational effectiveness through planning and managing, using behavioral-science knowledge (Beckhard 1969).

The prevailing theories on explaining the change of firms are either very broad, encompassing the entire life cycle of organizations, or they focus on established and larger firms. There are few comprehensive reviews on theories of organizational change. Previous reviews on theories of organizational change discuss types of change (e.g. Porras and Silvers, 1991; Porras and Robertson, 1992); pattern of change (e.g. Mintzberg 1992), certain issue such as strategy (e.g. Rajagopalan and Spreitzer 1997) or certain theory (e.g. Levie and Lichtenstein (2010)), and integration of all theories with certain focus (e.g. Van de Ven and Poole 1995; Lewin, Weigelt et al. 2004). A review of theories specifically explaining the change of young firms is missing, although the knowledge of this phenomenon would be of high practical use. To illustrate, within the first five years, more than 50% young firms disappear from the market (Eurostat 2009). Some of them are closed although they perform quite well, whilst others are closed because of poor performance. The rest of them survive with varying degrees of success. In addition, young firms possess idiosyncratic characteristics (Ambos and Birkinshaw 2010; Zahra, Sapienza et al. 2006). These facts support the argument that change is at the heart of organizational phenomena such as the growth and decline of firms (Poole and Van de Ven 2004).

### **Methodology**

The search strategy was two-pronged: First, we identified entrepreneurship research articles that deal with the issues of change and development by performing key word queries, for example "organizational change", "organizational development", in Web of Science, EBSCO, and Elsevier Science Direct. Secondly, articles identified thus were scrutinized to establish which change theories were addressed. During this step, only articles that focused on the level of the organization and articles that did not deal with change management were included. A preliminary search frame for which change theories exist was given by the previous review articles, and we were open to additional theories that we found in the entrepreneurship journals. Having selected the theories, we analyze the theories following a framework of analysis. Firstly, we analyze how an organization is seen in a theory. There are two views, the open system (Katz and Kahn 1966) and social construction (Berger and Luckmann 1967). Secondly, we analyze assumptions of a theory by analyzing the reason why an organization changes. Van De Ven and Poole (1995) argue that the logics which trigger organizations to change can be classified according to four reasons. The first reason is related with the view that the organization is a living organism that progresses through a prescribed sequence of stages. By prescribed sequence we mean an organization changes, because it follows a logical program prescribed at the beginning of the cycle. The second reason is concerned with the competition to acquire limited resources in the population in order to survive. Competitive selection in the population drives organizations to change. Thirdly, organizations are driven by a set of goals as destinations. Lastly, according to those theories which

regard the organization as a socially constructed system, change and development is driven by conflicting goals, interests, and events between entities (groups) in the organization. These four reasons serve as a basis for our analysis of theories.

After analyzing reasons to change, the next step is the examination of the key metaphor of a change. This key metaphor illustrates the underlying mechanism of how change occurs. For example, the key idea of Population Ecology is competitive survival (Hannan and Freeman 1976). This then leads us to see how change unfolds in the organization. Changes differ along a number of dimensions. Firms may change and develop with planning or without planning (Porras and Silvers 1991). Besides the planning dimension, changes can also be seen in terms of their scope or magnitude. Watzlawick, Weakland et al. (1974) regard this as first-order and second-order change. Similarly, other labels are used, for example incremental versus radical (Cyert and March 1963), evolution versus transformation (Lichtenstein 1995), and convergent versus radical (Greenwood and Hinings 1996). Another dimension to analyze changes is by looking at the pace of change, namely continuous versus episodic change (Weick and Quinn 1999).

### **Results and implications**

Entrepreneurship manifests at the intersection of individuals (entrepreneurs), opportunity recognition and exploitation. Scholars draw from multiple disciplines, theories and methods to explain an eclectic phenomenon of entrepreneurship. Organizational change theories provide avenues to explain why and how a young firm changes. This article contributes to entrepreneurship research by providing a review on organizational change by focusing to answer the “why” and “how” young firms change.

We analyzed each theory on the assumptions of why such changes occur. A young firm may change due to following a prescribed sequence, challenging a competitive selection, being directed to goals achievement, and coping with colliding events and conflicting interests in the organization. Concerning how a young firm changes, we analyzed three dimensions of change for each theory, namely planning, scope and pace

To conclude, the organizational change theories presented in this review have evolved from contingency to configuration approach and complexity theories of change. Each theory sheds a light on different aspects of the organization, therefore combining some theories can provide greater richness and insights.

## **Smart grid technologies: the role of ICT based start-ups**

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Key Words: Economic sectors transformation, smart grid, Academic Spin-offs

## Abstract

**Track title:** Sustainability

**Paper Title:** Smart grid technologies: the role of ICT based start-ups

**Aim of the Paper:** The aim of the paper is to analyze the role of start-ups ICT-based in the development of smart grid sector. We focus our attention on the Italian context and on a peculiar typology of start-ups, academic spin-offs that are start-ups promoted by academic members and based on the results of research activities. More specifically, we aim to explore the influence of academic spin-offs ICT-based in the field of smart grid, in terms of: 1) presence and activities; 2) development strategies and relation with incumbents.

**Background literature:** From the theoretical point of view, the paper can be placed in the context of studies that analyze the processes of transformation of economic sectors, and in particular of studies focused on the analysis of forces that drive the change (Geels, 2002; Geels, 2004; Geels and Schot, 2007; Geels and Raven, 2006; Dolata, 2009; Erlinghagen and Markard, 2012). Exogenous shocks to the economic system and new scientific and technological developments, are the driving forces of the radical changes in the structure of industrial sectors (Geels, 2004). While it is possible that new scientific discoveries and new technologies are the result of a curiosity-driven research, it is even more likely that exogenous shocks to the economic system, as in the case of climate change, can act as catalyst for the development of new technologies able to change the features of the traditional production processes (Schaltegger and Wagner, 2011). Companies are key actors of change. In this regard, a well known argument in the literature is related to the different attitude towards radical innovations expressed by incumbents and start-ups. Many studies have highlighted the disappearance of old incumbents in favor of new entrants, when a new technological paradigm emerges. To explain this phenomenon the concepts of ecological niche and organizational inertia (Hannan and Freeman, 1977) have been used. Incumbents firms often show a limited ability to change their strategies and organizational routines. In contrast, start-ups generally show greater flexibility and are better able to react to stimuli from the environment (Baumol et al. 2007; Audretsch et al. 2002; Arend, 1999; Swaminathan, 1998; Gerosky, 1995; Tushman and Anderson, 1990). As a consequence, incumbents are subject to an adverse selection process and they are replaced by new cohorts of start-ups born in the context of new technology (Hill and Rothaermel, 2003; Eckhardt and Shane, 2011). However, as showed by several studies, sometimes the relationship between new and old firms is more complex and it goes beyond the traditional paradigm. Hockerts and Wüstenhagen (2010), analyzing the changes in the

renewable energy sector, show that a leading role is played by both, the "Emerging Davids" (i.e. technology start-ups), and the "Greening Goliaths" (i.e. the old firms able to innovate). Other studies show that new technology-based firms may play an indirect role in the process of change: they can act as agents of change and technological rejuvenation of incumbents firms (Autio and Yli - Renko, 1998). In this direction, Erlinghagen and Markard (2012), with specific reference to the field of smart grid, show a triangulation between incumbents in the ICT sector, ICT start-ups and the big incumbents in the electricity sector. The development of a smart grid in fact, implies a radical transformation of the energy sector through the contribution of knowledge and technologies arising from the ICT sector. Authors demonstrate that, when the force of change is external to the sector, the competitive game involves not only incumbents and new entrants of the focal sector, but also the incumbents of the adjacent sectors, that could decide to enter the focal sector to take advantage from the emerging opportunities. Given the threat posed by adjacent incumbents, incumbents in the focal area, rather than resist to change, tend to react by adopting offensive strategies with the aim of acquiring, for example through the acquisition of new entrants in adjacent sector, skills and technologies that they do not possess (Christensen, 1997). So, a key role is played by start-ups in adjacent sector that could act as actors of change of incumbents in the focal sector. The development of the smart grid will thus depend on the behaviors and strategies that will be adopted by incumbents of electric sector, incumbents in ICT sector, but also by strategies adopted by new entrants in the ICT sector.

**Methodology:** Our research design follows a two steps approach. The first step aims to explore the role of spin-offs ICT-based in the development of smart grid, in terms of presence and activities: are many spin-offs present in the smart grid sector? What kind of technology are they developing? In what area do they operate?

In the second step, we analyze the role of spin-offs in terms of development strategies and relation with incumbents. Which kind of strategy do they intend to adopt? Which roles do they intend to assume in the field of smart grid? How do they intend to develop their technology? What kind of relations with incumbents they do intend to develop?

The first step of research, has been carried out mainly through an analysis on desk by consulting the websites of about 1,000 academic spin-offs, representing about the 95% of the spin-offs surveyed by Italian Network for the Valorization of Research in 2012 (Netval, 2013). We selected about 300 spin-offs operating in ICT sector. On this group has been carried out a more detailed analysis to verify if they operate in at least one of the areas classified by the OECD as application areas of ICT in the smart grid sector (Generation, Transport, Storage, Retail Consumption) (OECD, 2011).

In the second step of research, a semi-structured questionnaire has been submitted to all selected spin-offs. Research is in progress.

**Results and Implications:** The first results of research highlight that the research system is heavily involved in the production of new scientific and technological knowledge for the field of smart grid, as evidenced by the significant number of spin-offs. We have recognized 44 spin-off companies with technologies and skills applicable to at least one of the smart grid areas. Within this group, 27 spin-offs, despite having the potential to operate in the field of smart grid, currently are active only in related fields. 17 firms instead said they are operating in areas of application of ICT technologies for smart grid.

The flourishing of academic spin-offs that aim to apply ICT technologies to energy sector for the development of smart grid, gives evidence of the difficulties related to the direct technology transfer towards the incumbents (Cerrato et al, 2011). This interpretation highlights the difficulty for incumbents to manage changes in technological paradigms that are "competence destroying" and conversely the greater ability of new ventures to react to the changes in competitive rugged landscapes (Levinthal, 1997), which is, in fact, the case of smart grid technologies. There are important clues, however, to believe that start-ups and in particular academic spin-offs may represent for incumbents more open to innovation, an opportunities to expand/modify their basic skills and knowledge with the aim to dominate the new technological paradigm that is emerging in electric sector thanks to the smart grid technologies.

**Structural Change in Industry as Entrepreneurial opportunity:  
CRO rise in Life Science**

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Keywords: Open innovation, CRO, business model

## **Abstract**

**Track Title:** Innovation

**Paper Title:** Structural Change in Industry as Entrepreneurial opportunity: the rise of CRO in Life Science

### **Aim of the Paper**

The aim of our study is to better understand the role of Contract Research Organizations in the innovation system of the biopharmaceutical field.

### **Background Literature**

Since the seminal works of Coase (1937) and Williamson (2010), Hierarchy and Market have been conceptualized as the two basic opposite alternatives to organize economic transactions. Many structural factors play a role in the choice of one of the two (and between intermediate options) governance modes of economic transactions. Of course changes in these structural factors may pushing towards the change of the dominant model in a specific industry. Among the others, change in risk/rewards structure (Knight, 1921) arising from new technology development may force incumbents to re-engineering the organization of their R&D process in favor of a more decentralized system. That move can be seen as an entrepreneurial opportunity for some specific kind on new entrepreneurial venture.

Life Science Industry is a very interesting field to analyse such dynamics: companies evolved from a vertically integrated to a network organization, with a gradual opening up to collaborations with external partners. Strategic alliances allowed biopharmaceutical firms to gain access to innovative technology platforms and to share the risks related to a new medicinal product. The high costs of R&D phases, the low success rates for candidate drugs, the reduced proprietary drug portfolio, together with the strict regulation on safety and efficacy for drug approval, represented the main drivers of industry to the open innovation challenge.

The Contract Research Organization (CRO) industry supports the pharmaceutical and biotechnology companies with high profile outsourced services in the development of a product for diagnostic or therapeutic purposes. CROs provide companies with the opportunity to rapidly and efficiently explore the innovative findings of life science research by reduced transaction costs, an accelerated time to market and a global development. A growing market demand is recorded of CROs, that can cooperate with companies in order to create greater value and improve the competitiveness on the market.

### **Methodology**

The landscape of Italian CROs mirrors the evolution of the contract research organization at the international level, with the presence of multinational CROs, able to follow the full process of product development, as well as many local CROs, which are mainly specialized in few or niche services.

In this study we investigated the business models adopted by the CROs in Italy, by using the database of CROs registered for clinical trials in the recent report of the Italian Medicines Agency.

This representative sample was analysed by the email submission to each CRO of ten questions survey, related to the general characteristics of the individual CRO, the activities and the resources, the clients/partners and perspectives of the CRO.

Based on the survey results, a first profiling of Italian CROs could be traced, implemented by qualitative and quantitative data analysis.

### **Results and Implications**

The study results were very interesting and allowed us to draw the role of CROs in Italy by the strategies adopted in the new open biopharmaceutical system.

The CROs resulted to cover many important market segments in the value chain of the drug development process, with a wide range of services in outsourcing or partnering from the applied research in the early phase of development to the marketing consulting, together with the management of a digital platform: flexibility, know-how and entrepreneurial abilities were the main features of the CRO.

It was interesting to find out through our analysis that CRO over time developed different business models to meet the needs of all stakeholders, while keeping constant a core value: to ensure an efficient support, in terms of tactics and strategy, to the biopharmaceutical industry.

The innovative value has been preserved by CRO thanks to the implementation of resources, skills, clients/partners, technology infrastructure, as well as the operational and financial aspects of the specialized services. In the reference market, the CRO revealed as a key resource for the biopharmaceutical industry.

## **The Franchisee Selection Criteria for the Restaurant Franchisor in China**

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Key Words: franchisee selection criteria, Chinese franchisee, restaurant franchisor, franchisee capacity, franchisee attitudes, franchisee performance

Track title: Small Business Management

Paper title: The Franchisee Selection Criteria for Restaurant Franchisor in China

Aim of the Paper

As China's economy is growing, the restaurant franchise industry is also growing. Although the franchise system is believed to be superior in terms of survivability, franchisee failures in China also increase as the number of franchisees is growing. Franchisee failures are very harmful since they can hurt the franchisor's reputation and ultimately the whole franchise system's performance. Researchers argue that franchisee failures can be minimized if appropriate franchisees for the franchise system were selected. Thus, the selection of appropriate franchisees for the franchise system is becoming more important for the franchisor. We believed that factors affecting Chinese franchisees' performance might be different from those in the United States where most researches on the franchisee selection criteria were performed. The purpose of this study is to find out franchisee selection criteria appropriate for the restaurant franchisors operating in China.

Background literature

Researchers suggest franchisee capacity, business attitudes and prior experience as the franchisee selection criteria because these characteristics have positive relationships with the franchisee performance. More specifically, franchisees' capacity includes financial capability, idiosyncratic investment, and hands-on operations, while franchisees' business attitudes include entrepreneurship, innovativeness, personal commitment, psychological safety, and risk-taking propensity. Finally, prior experiences include self-employment experience or similar experience.

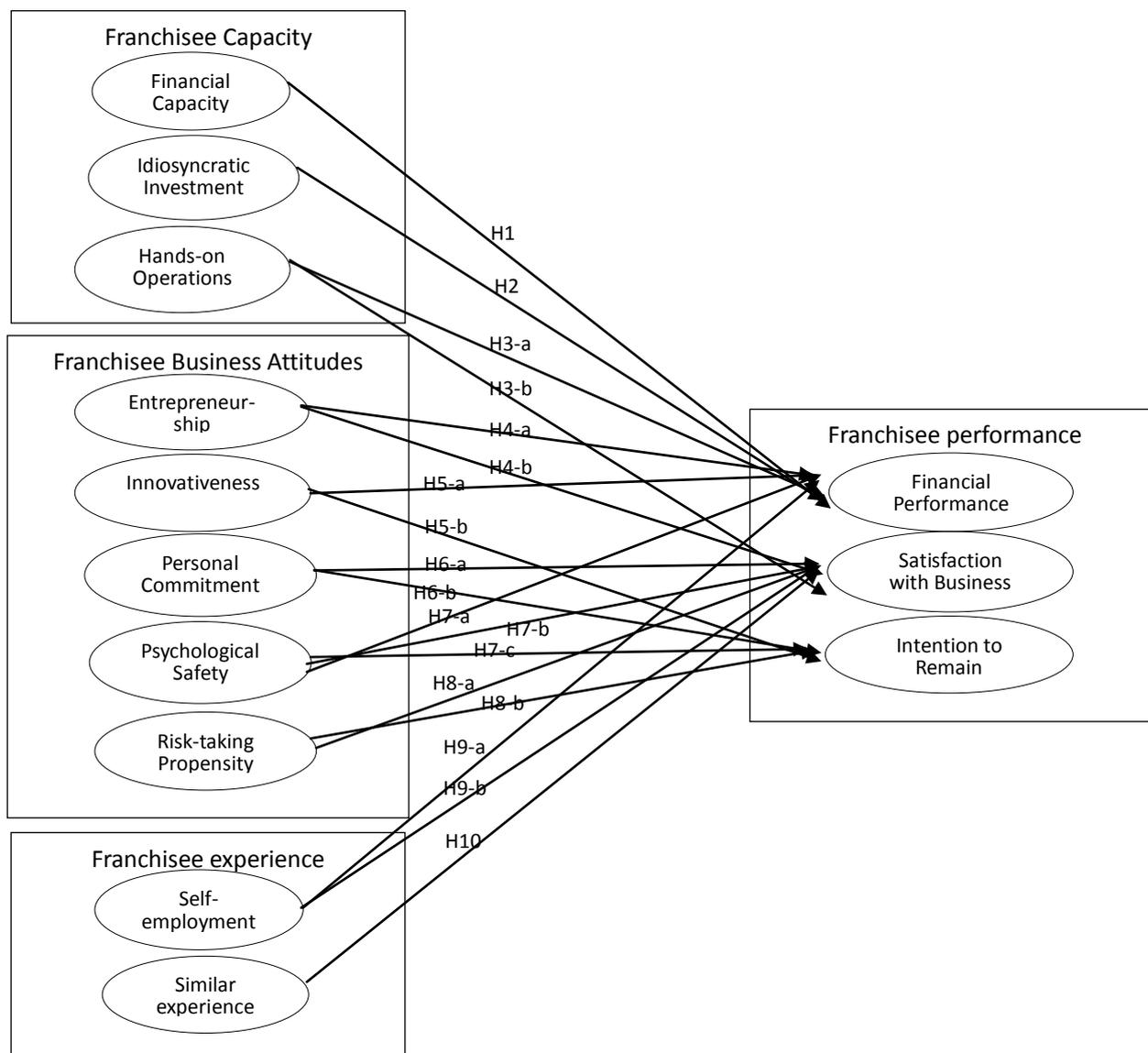
We summarized literatures on the franchisee selection criteria in the following table.

**[TABLE] Literature Review on Franchisee Selection Criteria**

Scholars	Financial Capacity	Experience and Managerial Skills	Demographic Characteristics	Attitudes and Personality
<b>Tatham et al.(1972)</b>	Financial situation	Prior experience Hands-on operations	Education level	Personality
<b>Axelrad and Rudnick (1987)</b>	Personal financial investment	Past business Manage own operations Own other businesses	Age Education background Marital status	Innovativeness Personal commitment Personal goals Personality traits
<b>Olm et al. (1988)</b>	Personal cash Personal assets Family assets Business reference  Credit	Similar experience Self-employment General management Management of personnel  Public relations Accounting and bookkeeping  Merchandising	Education level Marital status Celebrity Disabilities  Resident 2 years in an area  Citizenship	Risk aversion Work capability Business autonomy Motivation Perseverance Attitude toward others Energy Sincerity Decision maker Initiative Leadership
<b>Justis and Judd(1989)</b>	Financial approval			Character evaluation
<b>Poe (1990)</b>				Low risk threshold Commitment to business Inner desire for goals Discipline for a structured life Willingness to act Trust in franchisor

Based on the literature review, we developed the research model as in the following figure.

**[FIGURE] Research Model**



## Methodology

We attempted to investigate the relationship between the franchisee performance and franchise selection criteria such as franchisee capacity, attitudes and prior experience. We measured the franchisee performance as each franchisee monthly profit and sales, satisfaction with the business, and intention to remain in the system. We also used scales tested in the existing literature to measure variables regarding franchisee capacity, attitudes and prior experience. During the Summer in 2013, we collected the data with the help of CCFA (China Chain Store and Franchise Association which was found in 1997). 151 questionnaires were collected out of the total 200 questionnaires sent.

## Results and Implications

We found that the franchisee's attitude towards business was a critical criterion in the franchisee selection. Although entrepreneurship had no effects on the franchisee's financial performance, it had a significantly positive effect on satisfaction. Moreover, franchisees' innovativeness had effects on both financial performance and intention to remain in the system. Strutton et al (1995) showed that when

franchisors encourage franchisees to be innovative, the franchisees tend to view the relationship as more cooperative. In fact, innovative franchisees can resolve their problem by creative means, and get benefit from it. So that they would like to continue cooperate with their franchisor. Personal commitment also had a huge effect on satisfaction. However, surprisingly it didn't have an effect on intention to remain. Psychological safety was also insignificant in affecting dependent variables. Franchisees' risk-taking behaviors had no effects on either satisfaction or intention to remain.

Regarding franchisees' experience, both self-employment and similar business experience had no effects on financial performance and satisfaction. Axelrad and Rudnick (1987) suggested that prior experience in the same business might make it more difficult for the franchisee to unlearn old ways and accept the new and different business standards of the franchisor. This might explain why franchisees' experience variables had no significant effects.

Finally, we found that franchisees' financial capacity played an important role in franchisee financial performance. This result proved that the financial position of the potential franchisee is the most important of the traditional selection criteria used by franchisors (Olm et al. 1988). Franchisees with their own financing channel to support the operation and enough initial capital to prepare for the business are more likely to achieve a remarkable financial performance. In addition, idiosyncratic investment had a significantly positive effect on the franchisee financial performance. It could be explained that franchisees who made a huge investment in operation and employee training tended to be aggressive in developing business. In results, they were more likely to get a good financial performance. However, hands-on operation had no effect on both financial performance and satisfaction. It fails to support the conventional wisdom that franchisees who manage the day-to-day operations will have good performance levels.

We summarized the results of testing hypotheses in the following table. The summary table implies that the Chinese franchisee selection criteria may be quite different from those for western franchisees. The table shows that many of the franchisee selection criteria proved to be significant in the existing literature are not supported. Future research needs to investigate what makes differences in the Chinese franchisee selection criteria.

**[TABLE]** Summary of the hypotheses testing results

Hypothesis	contents	accept or not
H1	financial capability --> financial performance	yes
H2	idiosyncratic investment --> financial performance	yes
H3	3a hands-on operation --> financial performance	no
	3b hands-on operation --> satisfaction with business	no
H4	4a Entrepreneurship --> financial performance	no
	4b Entrepreneurship --> satisfaction with business	yes
H5	5a Innovativeness --> financial performance	yes
	5b Innovativeness --> intention to remain	yes
H6	6a personal commitment --> satisfaction with business	yes
	6b personal commitment --> intention to remain	no
H7	7a psychological safety --> financial performance	no
	7b psychological safety --> satisfaction with business	yes
	7c Psychological --> intention to remain	yes
H8	8a risk-taking propensity --> satisfaction with business	no
	8b risk-taking propensity --> intention to remain	no
H9	9a self-employment --> financial performance	no
	9b self-employment --> satisfaction with business	no
H10	similar experience --> satisfaction with business	no

# Venture Companies and Tax Aggressiveness

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**Key Words:** Venture Companies, Tax Aggressiveness

**Track Title:** Firm Performance

**Paper Title:** Venture Companies and Tax Aggressiveness

## I . Introduction

We examine venture companies' tax aggressiveness. In particular, classifying venture companies into three groups according to the type of funding and R&D expense-sales ratio, we analyze the degree of tax aggressiveness of each group.

Venture Company is defined in various ways. In United States of America, it is defined as new company doing business on the sole basis of new technology or idea which is expected to bring high profit despite the high risk. In case of Japan, it is defined as a small and medium enterprise (SME) which spends R&D expense in the portion of 3% of its total sales, and at the same time, it should have less than 5 years of business. In OECD, it is defined as a company which shows high concentration of R&D expense or whose major factor of success is because of its technological innovation or inferior in technology.<sup>1</sup> In South Korea, "Special Act for the Fosterage of Venture companies Article 2-2" defines the term.<sup>2</sup> According to "Special Act for the Fosterage of Venture

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<sup>1</sup>Venture confirmation public announcement system, "Venturein" ([www.venturein.or.kr](http://www.venturein.or.kr)).

<sup>2</sup>Venture investment company(Invested more than 10% of its equity by the venture investment institution)

R&D company(Company satisfying below conditions which possesses company attachment research center,

- (With more than 3 years of business) the annual R&D expense of the former quarters of the quarter when the company requested for the confirmation of venture company is more than 50 million won, at the same time, the ratio of R&D expense to sales is above such standard
- (with less than 3 years of business) the annual R&D expense of the former quarters of the quarter when the company requested for the confirmation of venture company is more than 50 million won )

Technology Evaluation Guarantee Company(Company which obtained guarantee from KOTEC or loan from SBC, the guarantee or loan amount should be more than 80 million won and the ratio of guarantee or loan amount to the company's total asset is more than 5%)

Technology Evaluation Loan Company(Company which obtained pure credit from KOTEC or SBC, the guarantee or loan amount should be more than 80 million won and the ratio of guarantee or loan amount to the company's total asset is more than 5%),

companies”, first of all, venture company has to be a SME which suits to “SME Basic Act Article 2”. As Venture companies are included into SME, they can not only enjoy the tax benefit applied to the SMEs, but also they can additionally enjoy tax benefit provided to the Venture companies. (Song et al, 2006) Namely, enjoying tax benefit according to both Acts, Venture companies’ tax expense will decrease significantly.

This research focuses on the special business environment of Venture companies, in other words, the situation that the venture companies relying on new technology with small capital amount, Venture companies may feel the reduced tax expense by tax benefit as a burden, so they are likely to take aggressive tax planning in order to reduce the efflux of their cash as much as they can and gain fund fluidity. Yoo and Jung(2009) explains that many venture companies have hard time procuring fund, so they do their best to get some commitment from the venture capital institutions. However, there are few companies succeed in gaining funds from the venture capital institutions. This means venture companies suffer from gaining operation capital. Also, Lim et al.(2013) explains Venture company is a high risk, high return structure which the possibility of venture companies to fail is very high, on the other hand, few successful companies only earn high return. There are few venture companies to overcome and succeed through the intensive competition and difficulty in gaining fund. Therefore, the manager of the venture company is likely to minimize its efflux of cash by adjusting aggressive tax planning for its survival, even though there might be some possibility of being imposed by the tax government.

In South Korea, in order to obtain various policy support from the government by being classified as a Venture company, the company has to be in any one of the category among five Categories: Venture Investment Company(Category 1), R&D Company(Category 2), Technology Evaluation Guarantee Company(Category 3), Technology Evaluation Loan Company(Category 4), Prepared Venture Company(Category 5). Among these 5 Categories, Venture Investment Company gains investment fund from the venture investment institution, including into the venture company’s equity. Technology Evaluation Guarantee Company and Technology Evaluation Loan Company gains guarantee and loan from South Korea Technology Finance Corporation(KOTEC), Small and Medium Business Corporation(SBC), including into the company’s liabilities. Graham and Tucker(2005) reported their research result by explaining tax avoiding company’s liability ratio is low. As venture companies, gaining fund by loan, has high liability ratio, it is expected that its tax aggressiveness in tax planning will be relatively weaker than the company gaining fund by equity. Also, in Ahn(2012)’s research, it reported venture companies’ R&D expense ratio to sales is higher than the ratio of SMEs or big companies. This means that the venture companies are spending most of their profit in R&D because they are in the growth period. Koh(2007) explained that companies are likely to register R&D expense as expense, rather than put the expense in equity, in order to avoid tax so that expense can be excessively calculated. This shows venture companies is likely to rather register the R&D expenses as expenses in accounting to reduce tax expenses, not putting this expense in equity. Thus, we expected there may be some difference in the aggressiveness in tax strategy regarding the type of venture companies, this research classified five categories of venture company result of checking venture companies into three venture company types and conducted comparing and analyzing the degree of aggressiveness of tax planning among these companies in these three types : company gaining fund by equity(Type 1), company’s ratio of R&D expense to sales exceeding standard of each type of business(Type 2), and company gaining fund by loan(Type 3).

The results of this paper, venture companies’ aggressiveness in tax planning was higher than non-venture companies’ aggressiveness. It is possible to interpret that there are many venture companies settling tax planning in the way of reducing efflux of cash submitting to the risk of being judged as tax evasion for the survival in the harsh environment of excessive competition and the difficulty in

obtaining operation fund. Also, venture companies in Type 1, gaining fund by equity, and venture companies in Type 2, classified as R&D companies, both showed relatively high degree of aggressiveness in tax planning. On the contrary, venture companies, gaining fund by loan, which are Type 3 appeared to be relatively less aggressive. This result can be interpreted into two ways. First, this shows that difference in the aggressiveness of company's tax strategy appears according to the equity structure of the company. Comparing the result of Type 1 and Type 3, venture companies who gained their necessary fund by equity showed higher aggressiveness, on the other hand, venture companies who gained their fund by loan showed lower aggressiveness. This result is consistent with Graham and Tucker(2005), suggesting that low debt ratio company's degree of tax avoidance is low. It is able to be interpreted that the fund provided with the guarantee of KOTEC or borrowed from SBC is registered as liability, and tax burden relatively reduces because of tax saving by including interest cost into loss of money. Second, Type 2 venture companies which are classified as R&D companies tend to diminish tax burden by taking aggressive tax strategy handling R&D expense as cost.

The paper contributes to extend the range of the research field by studying venture companies' aggressiveness of tax planning. Until now, most of the studies regarding tax in the field of venture company researches were focusing on tax benefit and tax supporting policies. Especially, in spite of the low burden of tax because of the various tax policies for the venture companies, as a result of this study, there was aggressive reduction of tax burden when establishing tax planning. Additionally, the study proved there are differences in the aggressiveness in tax strategy in each type by classifying venture companies into types. This will provide useful information for the tax government in case of establishment of policies regarding venture companies.

This paper is organized as follows: Chapter II explains the venture company confirmation system and the tax benefit, Chapter III establishes the precedent researches and hypothesis. And Chapter IV suggests the composition of specimen and research model, Chapter V analyzes and interprets the result of the research. And, at last, Chapter VI draws out comprehensive conclusion.

## II. Venture company confirmation system in South Korea

In South Korea, in order to earn support from the government by being classified as a venture company, the company needs to have confirmation from the governmental institution, included in one of the five categories shown below table. The venture company confirmation system differs by every category and the institution which checks the company's status is different. Summarizing this is as below <Table 1>.

<Table 1> Venture Company Confirmation System

Category of Venture Company	Number of Venture Companies in each Category	Standard of Venture Company	Confirming Institution
Category 1 : Venture Investment Company	701(2.38%)	Invested more than 10% of its equity by the venture investment institution(but, more than 7% for the companies which manufacture cultural commodity) and the investment amount is more than 50 million KRW	Korean Venture Capital Association (KVCA)

Category 2 : R&D Company	1,509(5.12%)	<p>Company satisfying below conditions which possesses company attachment research center, according to “Basic research promotion and technique development support Act Article 14-(1)-2”,</p> <ul style="list-style-type: none"> <li>- (With more than 3 years of business) the annual R&amp;D expense of the former quarters of the quarter when the company requested for the confirmation of venture company is more than 50 million won, at the same time, the ratio of R&amp;D expense to sales is above such standard</li> <li>- (with less than 3 years of business) the annual R&amp;D expense of the former quarters of the quarter when the company requested for the confirmation of venture company is more than 50 million won(exclude the application of the ratio of R&amp;D expense)</li> </ul>	Korea Technology Finance Corporation (KOTEC), Small and Medium Business Corporation (SBC)
Category 3 : Technology Evaluation Guarantee Company(possible to be approved as a Venture company, merely by the approval of guarantee approval)	25,588(86.9%)	Company which have been evaluated as technically superior by KOTEC, and obtained guarantee from KOTEC or loan from SBC, the guarantee or loan amount should be more than 80 million won and the ratio of guarantee or loan amount to the company's total asset is more than 5%(However, company with less than 1 business year, guarantee or loan amount more than 40 million won and company which obtained guarantee amount of more than 1 billion won do not require of the condition of ratio to total asset)	KOTEC
Category 4 : Technology Evaluation Loan Company(possible to be approved as a Venture company, merely by the approval of loan approval)	1,580(5.37%)	Company which have been evaluated as technically superior by SBC, and obtained guarantee from KOTEC or loan from SBC according to its own pure credit, the guarantee or loan amount should be more than 80 million won and the ratio of guarantee or loan amount to the company's total asset is more than 5%(However, company with less than 1 business year, guarantee or loan amount more than 40 million won and company which obtained guarantee amount of more than 1 billion won do not require of the condition of ratio to total asset)	SBC
Category 5 : Preparing Venture Company	67(0.23%)	Preparing for an establishment of incorporation or registering business (technology and business plan should be evaluated as superior by KOTEC or SBC)	KOTEC, SBC

In <table1>, Venture Investment Company in Category 1 obtains fund from venture investment institutions and put it in the equity category. And Technology Evaluation Guarantee Company in Category 3 and Technology Evaluation Loan Company in Category 4 put the fund in the company's

liability category. And 25,588 companies, approximately 86.9% of the companies, were included in Category 3, venture companies procuring fund by loans, included in Category 3 and Category 4, sums up to 27,168 companies, 92.27% of the companies. However, companies in Category 1, attracting investment by equity, were merely 701 companies, 2.38% of the companies.

This phenomenon shows that venture investment institutions make conservative decision when offering fund to the venture companies, pursuing high-risk and high-return. Lim et al.(2013) brings up the number of new investment of venture capital companies and the amount is consistently decreasing after 2010, and explains that it is taking conservative investment attitude when investing at a venture company, investing mature and stable company rather than investing at a new started company. Also, as venture companies urgently need funding, if they failed to attract investment funding, they will have to obtain fund by guarantee or loan, so most of the venture companies will be in Category 3 and Category 4. Namely, most venture companies may have high debt ratio capital structure.

### **III. Related literature and hypothesis development**

Considering venture companies' trait and management surroundings, reduced tax expense can be a burden to venture companies' operation so that they might rather take aggressive tax planning. Most of the venture companies are in the starting point of business, so they are suffering gaining fund. Yoo and Jung(2009) explains that many venture companies have hard time procuring fund, so they do their best to get some commitment from the venture capital institutions. The manager of a venture company, whose failure possibility is high, for its own survival, is likely to put more effort in reducing efflux of company's cash submitting to the risk of its aggressive tax planning being judged as tax evasion and will rather not manage its image in long term point of view. Therefore, we draw the hypothesis as below.

H1: The venture companies' degree of tax aggressiveness will be higher, comparing to non-Venture Companies.

Meanwhile, if the venture companies, which have urgent need in funding, failed in procuring investment from the venture capital companies, they are likely to arrange operation fund of the company by guarantee or loan. As we mentioned at <Table 1> in this study, venture companies who procured operation fund by equity from the venture investment institution when they were confirmed as venture companies, included in Category 1, were merely 701(2.38%), however, Technology Evaluation Guarantee Company in Category 3 and Technology Evaluation Loan Company in Category 4 who procured operation fund by guarantee or loan from KOTEC or SBC when they were confirmed as venture companies, were 25,588(86.9%), 1,580(5.37%), collectively. Graham and Tucker(2005) show that tax avoidance company's debt ratio was low. The fund guaranteed by KOTEC or the loan provided by SBC is registered as debt in the accounting paper, and it is expected that the venture companies who have high debt ratio(Category 3 and 4), comparing to the venture companies who gained fund in the form of equity(Category 1), will relatively have less tax burden because of the tax saving including interest expenses into loss of money so that the degree of aggressiveness of tax strategy will be low.

Ahn(2012) reported that although Korea's R&D investment amount lines up in the sequence of big enterprises, SMEs, venture companies, R&D expense ratio to sales lines up in the sequence of venture companies, SMEs, big enterprises. This shows that venture companies spend most of their profit into R&D expense, so it is expected that venture companies' cash flow may not be good because they are spending R&D expenditure even though they are suffering funding difficulty in the starting point of their business. And Ko(2007) explained that companies are likely to register R&D expense as expense of the fiscal year, rather than put the expense in equity, in order to avoid tax so

that expense can be excessively calculated. Thus, according to the Category of venture company(company procuring fund in the form of equity, company whose ratio of R&D expense to sales exceeding standard of each type of business, company procuring fund in the form of debt), it is expected there may be difference in the aggressiveness of tax planning, we draw the hypothesis as below.

H2: The degree of Venture companies' tax aggressiveness varies by the type of Venture companies.

## IV. Research design

### 4.1 Sample selection

The samples used in this study are limited by the company-year which satisfied the conditions below:

- (1) Venture companies during the period of 2005 and 2011(the list of Venture company was collected from the data opened in "Venturein"(http://www.venturein.or.kr) which is a system of public open.
- (2) Non-financial business Venture company whose accounting month is in December
- (3) Financial Data required for actual proof analysis were downloaded from KIS-VALUE

The number of final sample was in analyzing <Hypothesis 1> is among full 47,758 samples, Venture Companies are 6,425. And among unlisted 41,244 samples, Venture Companies are 5,392. And Listed 6,514 samples, Venture Companies are 1,033.

When analyzing <Hypothesis 2>, the number of sample was 47,758, and for the verification of the hypothesis, we rearranged into Type 1~3 which were classified into Type 1 through 5 in above <Table 1>. (Category 1~5 is decided when a company gets approval as a venture company, obtaining approval to the request at each confirmation institution). And because of data limit which each company has only confirming Institution about venture companies, we only can classify venture companies by only confirming Institution to Category 1~5.

Rearrangement was established in the basis of confirmation institution. However, when rearranging Category 2 and 3, there was a problem of duplication of the confirmation institution of Category 2, 3, and 4. Category 3 and 4 were rearranged in Type 3, so there was no problem, but when rearranging Type 2, because of the limit of data, we assumed companies whose R&D expense ratio to sales in each industry of Category 2 exceeding such ratio as Type 2.<sup>3</sup> Venture companies in Category 5 are

<sup>3</sup>.Ratio of R&D expense to sales in each industry of category 2 is as below table:.

Industry(Korean Standard Industrial Classification)	Ratio of R&D expense to sales
Manufacturing industry(10~33)	
-Pharmaceutical goods(21)	More than 6%
-Machines and equipment manufacturing(29) <But, excluding office machines and equipment(2918)>	More than 7%
-Computers and office apparatus(263)	More than 6%
-office machines and equipment(2918)	More than 6%
-Electronic equipment(28)	More than 6%
-Semiconductor and electronic compartments(261, 262)	More than 6%

preparing venture companies, as they don't have their own balance sheet, they were exempted in the process of sample composition, and also these companies were not included analysis of hypothesis 2. The number of samples(Type1~3) was as below <Table 2>.

<Table 2>

Type of venture companies	Category of venture companies	Confirming institution
Type1(462 companies)	Category 1(Venture Investment Company),	KVC
Type2(394 companies)	Category 2(R&D Company),	KOTEC, SBC
Type3(46,902 companies)	Category 3(Technology Evaluation Guarantee Company),	KOTEC
	Category 4(Technology Evaluation Loan Company)	SBC

## 4.2 Research model

To measure tax aggressiveness, we used the Book-Tax Difference(TaxAgg) from Manzon and Plesko(2002) and the Book-Tax Difference(TaxAgg\_D) from Desai and Dharmapala(2006). To estimate taxable income, TaxAgg is the measure of tax avoidance used by the highest corporate tax rate, and TaxAgg \_D is the measure of tax avoidance used by the tax rate as the income level of corporate tax. The TaxAgg or TaxAgg \_D is bigger as positive, the degree of tax avoidance is bigger. The difference between financial income and taxable income is drawn by subtracting taxable income from financial income.

$$BTD_{i,t} = FI_{i,t} - TI_{i,t} \quad (1)$$

$FI_{i,t}$ : Financial income

$TI_{i,t}$ : Taxable income

-Medical, precision, optical apparatus and clocks(27)	More than 8%
-Miscellaneous manufacturing	More than 5%
Wholesale and retail(45~47)	More than 6%
Telecommunications(61)	More than 7%
Business service industry	
-Software development and supply(582)	More than 10%
-Computer programming, System integration and maintenance(62)	More than 10%
-Information service(63)	More than 10%
(Internet industry)	(More than 5%)
Miscellaneous industries	More than 5%

Next, assuming that total accruals is an alternative valuable of income management activity, we used tax avoidance to measure the part that is not explained by the total accruals in BTD.

$$BTD_{i,t} = \beta_1 TA_{i,t} + v_{i,t} \quad (2)$$

$TA_{i,t}$  : Total accruals

$v_{i,t}$  : Residual

The residual from Formula(2) is the variable measuring the degree of tax avoidance. The model to examine suggested hypothesis 1 and 2 applying measured tax aggressiveness(TaxAgg, TaxAgg\_D) in expression 2 in this study is as below :

H1: Venture Company's degree of tax aggressiveness will be higher than non-Venture Company's.

$$\begin{aligned} TaxAgg_t (TaxAgg\_D_t) = & \alpha_0 + \beta_1 Venture_t + \beta_2 Size_{t-1} + \beta_3 LEV_{t-1} + \beta_4 PPE_{t-1} + \beta_5 INTANG_{t-1} \\ & + \beta_6 NOL_t + \beta_7 Grw_t + \beta_8 Age_t + \beta_9 Big_{t-1} + \beta_{10} Market_t \\ & + \beta_{11} Industry + \beta_{12} Year + \epsilon_t \end{aligned}$$

TaxAgg : tax avoidance degree(used in Manzon and Plesko, 2002)

TaxAgg\_D : tax avoidance degree(used in Desai and Dharmapala(2006)

Size : natural logarithm of total assets

LEV : debt ratio

PPE : tangible asset(excluding land and assets under construction) divided by total asset

INTANG: intangible asset divided by total asset

NOL : dummy variable;1 if there is a loss carried forward, otherwise 0

Grw : (sales of this year/sales of last year) - 1

Age : natural logarithm result of (the year to date – the year if company was founded)

BIG : dummy variable; 1 if a company is audited by a large foreign accounting company called Big4, otherwise 0

Market :: listed market composition (KOSPI 1, KOSDAQ 0)

Industry : dummy by industries

Year : dummy by years

H2: The degree of Venture companies' tax aggressiveness varies by the type of Venture companies.

$$\begin{aligned}
 TaxAgg_t(TaxAgg\_D_t) = & \alpha_0 + \beta_1 Type1_{t-3} + \beta_2 Size_{t-1} + \beta_3 Lev_{t-1} \\
 & + \beta_4 PPE_{t-1} + \beta_5 INTANG_{t-1} + \beta_6 NOL_t + \beta_7 Grw_t + \beta_8 Age_t \\
 & + \beta_9 Big_{t-1} + \beta_{10} Market_t + \beta_{11} Industry + \beta_{12} Year + \epsilon_t
 \end{aligned}$$

TaxAgg : tax avoidance degree(used in Manzon and Plesko, 2002)

TaxAgg\_D : tax avoidance degree(used in Desai and Dharmapala(2006)

Type1: KVCA confirming the company as venture, if the company's funding made by venture investment institution is registered as equity, the figure should be 1, or not, 0.

Type2: KOTEC, SBC confirming the company as venture, the R&D company is venture company, the figure should be 1, or not, 0

Type3: Confirming as venture and the company is neither Type1 nor Type2, the figure should be 1, or not, 0(Namely, venture company whose fund provided by the guarantee of KOTEC or loan offered by SBC and the fund is registered as debt, the figure should be 1, or not, 0.

Size : natural logarithm of total assets

LEV : debt ratio

PPE :tangible asset(excluding land and assets under construction) divided by total asset

INTANG: intangible asset divided by total asset

NOL :dummy variable;1 if there is a loss carried forward, otherwise 0

Grw : (sales of this year/sales of last year) - 1

Age : natural logarithm result of (the year to date – the year if company was founded)

BIG :dummy variable; 1 if a company is audited by a large foreign accounting company called Big4, otherwise 0

Market :: listed market composition (KOSPI 1, KOSDAQ 0)

Industry : dummy by industries

Year : dummy by years

## V. Result

In the analysis result of hypothesis 1, venture companies' degree of tax aggressiveness appear to be higher, comparing to non-Venture Companies. It is possible to interpret that there are many venture companies settling tax planning in the way of reducing efflux of cash submitting to the risk of being judged as tax evasion for the survival in the harsh environment of excessive competition and the difficulty in obtaining operation fund.

The analysis result of hypothesis 2 is as below. Venture companies procuring fund in the form of equity in Type 1 and venture companies classified as R&D companies in Type 2 appeared to have relatively higher aggressiveness in tax planning. On the contrary, venture companies procuring fund

in the form of debt in Type 3 showed relatively low aggressiveness. This means some difference appears in the aggressiveness in tax strategy according to the capital structure of a venture company. Comparing the result of Type 1 and Type 3, the tax strategy aggressiveness of the venture companies, procuring necessary fund in the form of equity (Type 1), appear to be high, however, the aggressiveness of the venture companies, procuring necessary fund in the form of debt (Type 3), appear to be low. This result is consistent with Graham and Tucker (2005), suggesting that low debt ratio company's degree of tax avoidance is low. It is able to be interpreted that the fund provided with the guarantee of KOTEC or borrowed from SBC is registered as liability, and tax burden relatively reduces because of tax saving by including interest cost into loss of money. Also, Type 2 venture companies which are classified as R&D companies tend to diminish tax burden by taking aggressive tax strategy handling R&D expense as cost.

## **VI. Conclusion**

Venture companies' aggressiveness in tax planning was higher than non-venture companies' aggressiveness. As venture companies suffer excessive competition environment and go through hard time in obtaining fund, they are having difficult time in surviving. Regarding the special surroundings and traits of venture companies, despite various tax support policies, it is able to realize that they are tended to take aggressive tax planning in reducing company's cash efflux submitting to the risk being judged as tax evasion for their survival.

In the analyzing after categorizing venture companies into three types according to the capital structure and proportion of R&D expense, venture companies who obtained funding in the form of equity showed relatively high degree of aggressiveness of tax planning, on the contrary, venture companies who obtained funding in the form of debt showed relatively low degree of aggressiveness. It is able to be interpreted that the fund provided with the guarantee of KOTEC or borrowed from SBC is registered as liability, and tax burden relatively reduces because of tax saving by including interest cost into loss of money. Namely, this means venture companies' capital structure affects the aggressiveness in tax management.

And, the aggressiveness of tax planning in venture companies, categorized as R&D companies, appeared to be relatively high. Venture companies spend significant portion of their sales profit in R&D, and this shows they are tended to register this expenditure as expense rather than register as asset in order to minimize company's cash efflux, which is tax expense.

This paper contributes to as follow. First, the extension of the field of tax research related to venture companies. This study research regarding the tax planning aggressiveness of venture companies so that widen the view point stopped in the tax benefit and tax support policies for the venture companies. Second, although venture companies have small tax burden thanks to various tax benefits, the study proved, by actual proof analysis, that it is likely to establish aggressive tax planning due to the surroundings and the traits of venture companies. We think this provide important information in deciding tax benefits or policies for the venture companies. Third, by categorizing venture companies by capital structure and proportion of R&D expense, the study compared and analyzed the difference of the aggressiveness of tax planning in each type, and this analysis brought up the necessity of adjusting differently by the types, not carrying out policies in the same way.

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## **ABSTRACT FOR ICSB 2014.**

### **Track: Sustainability**

### **Title: Sustainability and Transparency as the New Noir?**

**Key words: Sustainability, transparency, fashion, entrepreneur, identity, Denmark**

**Aim of the paper:** The aim of this paper is to analyse if – and how – the Danish government plan for growth: *Denmark at work (2013)* supports entrepreneurs and leading coalitions (Cyert & March, 1963) in entrepreneurial and small companies in the fashion industry working with sustainability and transparency as competitive advantage factors and how these companies perceive the initiatives in the plan.

### **Introduction**

According to a new plan from the Danish Government on growth in the creative industries: *Denmark at work (2013)* the creative industries make up a significant share of the Danish economy. The creative industries comprise a total of 11 sectors but fashion is by far the largest sector in the creative industries with revenue of approx. DDK 56 billion in 2010. According to *Denmark at Work*: " There is a need to focus on developing new business models and ways to cooperate that can enhance growth in the many small enterprises, which, due to limited resources, have difficulties achieving growth and internationalisation" . Through the establishment of a "growth framework" consisting of a number of initiatives like: "Improvement of business skills and better access to financing, speeding up market maturation of new creative products and design solutions and promoting growth in the creative industries with good educational programmes and strong research, the government wants to support the entrepreneurial companies".

### **Theory and methodology**

The paper builds on literature studies (Hofstede, 2004, Elkington, 1997, Austin, 2000, Porter & Kramer, 2006), desk research and interviews with NICE, two entrepreneurs working with strategies based on sustainability and transparency and observations from events and shows at the Copenhagen Fashion Show . In literature there is a distinct lack of empirical research on how leading coalitions in international oriented entrepreneurial and small companies perceive and react to society intentions communicated through government plans, soft law on sustainability/ corporate social responsibility and corporate governance (transparency). Based on empirical studies (Parum, 2005, 2006, 2013, Deloitte 2013) this paper discusses company perception and behaviour.

## **Challenges for the Danish fashion industry: Sustainability and transparency as the new noir?**

The fashion industry is one of the world's largest industries, while also one of the world's most polluting. Fundamental change in the dominant business model is important. Through NICE (Nordic Initiative, Clean and Ethical) Danish Fashion Institute and its Nordic partners have a shared vision to position Denmark and the Nordic Region as pioneers of sustainable fashion while making sustainable fashion desirable and attractive to customers. An analysis from Deloitte (2013) argues that there are opportunities for the Danish industry to deepen and broaden management of sustainability to increase value, reduce lead times, cost of raw materials, wastes and transport while – at the same time - increasing customer engagement and loyalty through creation of the right styles. The analysis also shows that there is a wide gap between today's realities and the industry's opportunity to leverage sustainability.

The industry structure in Denmark is generally characterised by many entrepreneurial (micro companies), small and medium sized companies and few large companies. This also applies to the creative industries. As in other part of Danish industry, the majority of companies in the fashion industry are owned by an entrepreneur or a family. Fashion products to-day is - in general - produced to last for a season and hence it is absolutely important that the products are in line with demand from the market, e.g. customers, and delivered at the right time. The creation of innovative products and concepts based on sustainability and transparent processes are even more risky because it involves strategic choices about an uncertain future (Pettigrew, 2003). Danish companies do not have the competences and resources to compete with the *Fast Fashion* business (cost leadership strategy, Porter, 1990) model. Hence it is necessary that small Danish companies follow a differentiation strategy, which builds on other factors than price. In this paper, it is argued, that sustainability and transparency might be the factors and relations for competitive advance. Transparency is a multifaceted phenomenon that is referred to in various disciplines. In a sociological context, transparency implicates openness that leads to the ability of understanding effects and consequences of strategic decisions (Hofstede et al., 2004, Parum 2005) for instance concerning fashion companies' choice of materials, production systems/ outsourcing conditions, external communication on corporate governance (management) and corporate social responsibility, etc.

Establishment of differentiation strategy requires a close contact with stakeholders during the processes of design, production and marketing, e.g. to manufacturers, core customer groups, cultural institutions, public fashion institutes and to printed and social media (Fremann and McVea, 2001, Parum, 2013). This might lead to an organisational identity that is understood by both internal and external stakeholders. A strong identity is the point of departure for a strong image/ brand, which is necessary to obtain to success with differentiation strategies. Corporate identity differs from traditional brand marketing since it is concerned with all of an organizations stakeholders and the multi – faceted way in which an organization communicates. By effectively managing its corporate identity an organization can build understanding and commitment among its diverse stakeholders. This can be manifested in an ability to attract and retain customers and employees, achieve strategic alliances, gain the support of financial markets and generate a sense of direction and purpose (Løwensberg, 2004). With the aim trying to understand how the fashion industry manages the

challenges of sustainability, Deloitte has in partnership with the Danish Fashion Institute undertaken an analysis based on a qualitative study and a quantitative survey of the Nordic fashion industry (2013). The analysis shows that there are *opportunities* for the industry to deepen and broaden management of sustainability to increase value, reduce lead times, cost of raw materials, wastes and transport while increasing customer engagement and loyalty. The analysis also shows that there is a wide gap between today's realities and the industry's opportunity to leverage sustainability especially when it comes to the following factors and relations:

- The supply chain sustainability strategies that most companies focus on are based on the first generation approaches looking to control suppliers, which have shown limited results in terms of impacts. The supply chain sustainability strategies are not focusing on collaborative approaches involving stakeholders who make them inadequate in term of addressing the major challenges of social development, resource depletion and pollution in the primary production.
- Nine out of ten companies in the fashion industry are not putting a high degree of effort into engaging with consumers with regard to sustainability. Sustainable consumption strategies are new for many companies and for most they are still a non- existing phenomena.

As the aim of this paper is to analyse if – and how – the government plan for growth supports entrepreneurs and small companies in the fashion industry that are working with sustainability and transparency as a competitive advantage, the factors and relations mentioned above, will be an essential part of the final paper.

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# **Can a displaced person take advantage from the production chain of an oil company? The case of necessity entrepreneurs in Yarima (Colombia)**

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## **Key words**

Necessity entrepreneurs, oil company suppliers, internally displaced people, minorities.

## **Aim of the paper**

This paper addresses a community of displaced people arriving in Yarima (Santander, Colombia) in hopes of benefit from the production chain of an oil company and become necessity entrepreneurs as the only viable option left for survival, in a post conflict context, which shapes the way they interact and live in this region and shows how enclave sectors, such as oil extraction, usually deliver high benefits only to a specific group of workers while leaving large parts of the population unaffected (Naudé, Brück, & Verwimp, 2013).

## **Literature review**

Given the rising concern about how governance matters for developmental entrepreneurship (Stel, 2013) and their repercussions for global development, the lack of research on the emergence and challenges to entrepreneurship and small businesses during violent conflict is a significant lacuna (Naudé, Brück, & Verwimp, 2013). In many cases, starting a business becomes the only viable or possible option because of the lack of opportunities for employment (Baker, Gedajlovic, & Lubatkin, 2005). Although the impacts of violent conflict on investment, production, incomes and inequality have been widely studied on an aggregate level, comparatively less is known about the more diverse impacts at the micro level (Brück, Naudé, & Verwimp, 2013), such as internal displacement and its consequences: family disintegration, bad sanitary conditions, high prevalence of tracing diseases, late schooling, poor performance at school, high proportion of working children, low coverage and access to health services (Cáceres, Izquierdo, Mantilla, Jara, & Velandia, 2002).

It has been found in Colombia that although conflict leads to a reduction in entrepreneurial activities in locations directly affected, it leads to an increase in self-employment elsewhere (Naudé, Brück, & Verwimp, 2013). Displaced people identify comparative advantages in the oil areas to settle there in their pursuit of profitable opportunities after leaving their origin villages, but often places where oil companies operate are poorly developed (Perry & Palacios, 2013) and the arrival of necessity entrepreneurs do not help and it leads to increase the survivalist type of self-employment. This minorities seeking to create viable business ventures have traditionally faced higher barriers than natives as they sought to exploit market opportunities, raise financing, and penetrate mainstream networks (Bates, 2011). They often lack of financial methods, credit, access to newer technologies, formal business structure and they auto consume the working capital.

## **Methodology**

Yarima is located in the village of Los Colorados in the province of Santander (Colombia) and has an estimated population of 2.728 habitants. It is part of the municipality of San

Vicente de Chucurí with 33.267 habitants (DANE, 2014), in the southeastern of Barrancabermeja and south of the oil field La Cira-Infantas.

Yarima has seventy five production units in the downtown area where this research took place with and non-experimental design and a convenient non-probabilistic sample. For which a preparatory survey was carried out following the methodology life story. This methodology allows to collect the experiences of entrepreneurs and capture what escapes the statistical standards (...) making available a fine empirical description of sequences of situations, interactions, events and actions that characterize the social experience (Pailot, 2003). Our research was interested in the entrepreneurial experience and in particular the life course of necessity entrepreneurs.

Life story also structures temporal data (Laine, 1998). This methodology requires a considerable interpretation effort of the researcher; it is about entering the social experience and the subject in their practices (Pailot, 2003). On the other hand, tell the story of his life is not paying out a chronicle of events experienced, but try to make sense of the past and the present situation; the story must be told as completely and honestly as possible (Atkinson, 2002).

With a questioning of departure, we ask not the individuals life, we ask episodes of life that meet the research questions. Then semi-directive interviews were used to characterize the productive units. Once collected the data, tabulation and analysis was performed using a statistical analysis software of quantitative data SPSS, and software of qualitative data analysis ATLAS.ti, used to encode the observations and audio clips from interviews of the focus group.

## **Results**

The impact of energy-mining boom on entrepreneurship in regions influenced by the activity of the largest companies in the sector is of consideration, especially because they are typically marginal and relatively overdue regions, where the displaced people arrive to find opportunities and because these companies have a higher organizational and technical capacity than the local governments with presence in these territories. For this reason we have characterized the entrepreneurs and productive units to measure and identify aspects, variables and situations of the context as well as the constraints and opportunities of the group of displaced people arriving to Yarima.

Most of these micro-entrepreneurs established in Yarima come from other regions of Colombia as Valledupar, Socorro, Bucaramanga, Antioquia, among others; only 18% are native people. Regarding to educational levels 32% have elementary school, 28% incomplete high school, 22% complete high school and a low portion have complete technical and professional cycles.

This research found that some of the PyMES include in their processes unskilled labor, use obsolete technologies, lack in strategic management thinking, in general the use of methods of financial analysis is not part of their practices for decision-making, 86% of them record an accounts notebook. These are technical and competitive constraints that develop unsuccessful products and processes for local needs, and they have focused on the informality model to operate. Local suppliers are not commercially competitive due to three main axes: low level of business education, high level of business informality and entrepreneurship initial motivation. Because of these considerations, national policies are being taken to a level that contributes to the growth of enterprises to increase competitiveness of the domestic market (Villegas Londono & Toro Jaramillo, 2010).

Yarima's business network is a structure having growing issues that may be potentiated and strengthened. The development of these small businesses depends of the owner's entrepreneurial spirit and managerial capacity, not only of external variables. Sustainable growth is a big bet; the results depend on the empowerment of this people that have shown that despite problems and limitations they have been tenacious in the long term.

The rise in the exploitation of oil and mineral resources, and the subsequent development of the mining and oil industry in Colombia where minorities displaced by the conflict are involved, simultaneously represent challenges and opportunities which discussion has gained prominence in the economic, political and social agenda of the country (Perry & Palacios , 2013).

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## **Examination of the Profit-Growth Nexus in Australian ICT SMEs**

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Keywords: SME, growth, profit, Gibrat's Law, ICT, Australia

**Track Title:**

Firm Performance

**Paper Title:**

Examination of the Profit-Growth Nexus in Australian ICT SMEs

**Aim of the Paper**

The trade-off between firm profitability and growth has been a well known and researched phenomenon, which suggests the necessity of re-investing profit in SMEs to achieve growth. Empirical literature on this topic emphasises that this trade-off is present in a certain sequence, namely that previous profit results in current growth, but past growth causes reducing current profit. This is also known to be embedded in a specific institutional and industrial context, whose variation may change these relationships. The profit-growth relationship is also influenced by a variety of population specific factors. Out of these, firm size and growth intentions are widely acknowledged as factors influencing growth. This paper also investigates the relationship of firm size and growth – known as Gibrat's Law – in order to eliminate the impact of firm size on the profit-growth relationship. Gibrat's Law states that firm growth is independent of firm size. Empirical literature provides evidence for and against Gibrat's Law, dependent on the context and industry of the study. This paper aims to show how owners and managers of ICT SMEs in Australia see the profit-growth trade-off, whilst controlling for firm size, considering the validity of Gibrat's Law.

**Background Literature**

Research on firm growth on one hand is anchored in the theory of the firm (Hodgson, 1998), on the other hand follows entrepreneurship research (Davidsson et al., 2006). With the emergence of a non-linear understanding of small firm growth (Levie & Lichtenstein, 2010), several of theories' assumptions need to be challenged. Aligned to the agenda of future entrepreneurship research (Wiklund et al., 2011), enquiries need to be directed towards established theory. Basic economic rules of the realities of small businesses include the trade-off between firm growth and profitability (Coad, 2009). Some say that growth is a precursor to profitability (Markman & Gartner, 2002), but this is widely disputed by others (Davidsson et al., 2009). Cowling (2004) finds no evidence of systematic relationship between the two constructs. Specific empirical evidence for Welsh SMEs found a significant trade-off between profit and growth (Foreman-Peck et al., 2006). The analysis of Jang and Park (2011) for SMEs in hospitality found a positive relationship between previous year's profitability and current growth, but a negative relationship the other way around. This result was confirmed by Lee (2014) on Korean firm level panel data. This is in stark contrast to the findings of Fitzsimmons et al. (2005) who specifically tested the growth-profit relationship in Australia, only to find that this relationship is ambiguous at best. This leads to the first hypothesis to be tested: 'There is no significant relationship between firm current firm growth and past profitability.' This is the rejection of the profit-growth trade-off, based on the empirical results specific to the Australian context.

Fitzsimmons et al. (2005) found that firm growth is dependent on industry, age and size. This was also supported by the findings of Delmar et al. (2003), suggesting that testing these relationships should be conducted on an industry specific sample, and that the profit-growth relationship needs to be controlled for firm size. Gibrat's Law of proportionate effect states that firm size is independent of firm growth. Empirical support to this theorem is provided for instance by Audretsch et al. (2004), Davidsson et al. (2006) and Reid (2007). Others find significant positive (Szerb & Ulbert, 2006; Bentzen et al., 2012) or negative (Daunfeldt & Elert, 2013) relationships between firm growth and size. Gibrat's Law is hypothesised to be rejected: 'There is a negative relationship between firm size and growth.' This negative relationship between size and growth can also be considered a reasonable assumption when looking at the ICT sector, where small innovative firms can grow much faster.

The profit-growth nexus is investigated controlling for firm size. Relationships are hypothesised between profitability and growth, and size and growth. The third aspect of this triangle is the relationship between firm size and profitability. Empirical evidence shows a trade-off between size and profitability, whilst overwhelming empirical evidence demonstrates a positive relationship (Lee, 2009; Mukhopadhyay & AmirKhalkhali, 2010; Pervan & Višić, 2012; Babalola, 2013). In light of this empirical evidence, the size-profitability relationship is hypothesised: 'Firm size is positively related to profitability.'

**Methodology**

The research employs quantitative methodology. Relationships between constructs – namely growth, profit and size – are tested using multivariate statistical methods. The data was collected in 2009, using on-line survey distribution. Owners and managers of ICT SMEs in Australia were invited to participate in a larger study. The survey also contained questions in relation to the above mentioned three constructs. The survey invited respondents to evaluate firm growth and profitability by expressing the degree of agreement on statements in relation to these constructs. 141 responses were collected from a diverse cohort of firms from Australia wide. Measures of growth were developed on a perception basis, allowing respondents to reflect on the growth of their firms both compared to their potential, and their competitors. Firm profitability was also operationalised on a perception basis, but as a retrospective measure, to allow for reflecting the temporal aspect suggested by theory. Firm size is measured on categorical variables in three dimensions (employment, assets and turnover). After demonstrating the validity and reliability of the measures, the relationships between the constructs were tested using the SEM technique. Significance, direction and

strength of relationships between the constructs are used to reflect on the hypotheses formulated based on literature.

### **Results and Implications**

The SEM model was found to demonstrate a good fit, with significant paths linking the three constructs. There was a significant firm growth and profitability relationship identified, rejecting the first hypothesis. The relationship between firm size and growth was found to be controversial. While size was positively related to firm growth in comparison to the competitors, it was negatively related when observing growth potential. The hypothesised positive size-profit relationship was confirmed.

The results confirm the profit-growth relationship previously found in Australia. This result has been delivered on a very specifically configured sample, demonstrating that the rejection of the hypothesised lack of relationship between these constructs is not a consequence of sample heterogeneity.

The results in relation to the second hypothesis allow the rejection of Gibrat's Law. This is also a substantial outcome, paving the way to further understanding how firm growth in the ICT sector really works. This outcome also raises hope for practitioners, suggesting that growth and profitability are synergic phenomena and a trade-off is not necessarily given.

The support for a positive firm size and profitability relationship gives further support to this conclusion, and sheds further light of the nature of firm growth in the ICT sector. This outcome also suggests, that firm growth is synergic to firm size, and combined with the other results, can create a self-enforcing upward spiral for these firms. In other words, success breeds success, directing the attention of researchers how to create success in the first case.

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## **Define Re-Design: Austrian Initiatives for Sustainability-Driven Entrepreneurship**

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Key words

Re-Design, Re-Use, Sustainability-Driven Entrepreneurship

## **Track Title: Sustainability**

### **Paper Title**

Define Re-Design: Austrian Initiatives for Sustainability-Driven Entrepreneurship

### **Aim of the Paper**

In the modern global economy, materials resource management and innovation has amongst others become a central issue in a number of debates (Hertwich, 2010) yet within this vast field, re-design is a rising and interesting field for entrepreneurs around the world. The issue will gain importance in future and innovative ways of management and design will be needed in order to decrease our materials dependency and further create social awareness and prosperity.

A central topic and result of this paper is the definition of the term re-design as it is not scientifically formulated today and often mistaken with re-use, remanufacturing or even recycling. Aside from that, never the less, re-design can be a powerful design and modern management tool. Some modifications are so very subtle that it is often hard to tell if it is re-designed at all taking the comparison of a simple software update to a significant generation shift in the car industry, not to be mistaken with a facelift, as an example. Bringing this back into context we have to look at this topic from an instructional, research and practitioner's perspective bearing in mind re-use and remanufacturing initiatives. Re-use implies legally recovered items from the waste stream to be used in identical or similar processes or products, typically at consumer level (Hammerl, Premm, Sentic, 2011). Remanufacturing is the process of disassembly of products and recovery at the module and, eventually, at the component level during which time parts are cleaned, repaired or replaced then reassembled to sound working condition (Steinhilper, 1998). Essentially all three systems include the possibilities for sustainability-oriented entrepreneurship.

Austria possesses a high potential on different types of re-use initiatives. The work applies the terms re-use, remanufacturing and re-design to the Austrian re-use initiatives to discuss them as practical exemplar for those terms and here especially for the term re-design. The way in which key activities and material usage are organized in the respective initiatives are assumed to be the core elements for classifying Austrian re-use initiatives according to the three different terms of re-use, re-manufacturing and re-design.

Furthermore, this paper bridges the discussion of entrepreneurial Austrian re-use initiatives with the sustainability discourse by investigating the Re-Use initiatives from the perspective of sustainability-driven entrepreneurship. Both scientists and practitioners are just starting to deal with the field of sustainability entrepreneurship, "what it might look like and how relevant it is likely to become" (Parrish and Tilley, 2008). Due to that uncertainty, the work contributes to the practical applicability of sustainability entrepreneurship research on real cases of Austria's re-use initiatives. The re-use Initiatives are assumed to be a practical exemplar for entrepreneurs that are "bringing about a transformation to sustainable products and processes" (Hall et al., 2010) and "organizational modes which substantially reduce environmental and negative social impacts and increase the quality of life" (Schaltegger and Wagner, 2008). Therefore, the investigation tries to answer whether (and if so how) such initiatives contribute to sustainability-oriented entrepreneurship or not.

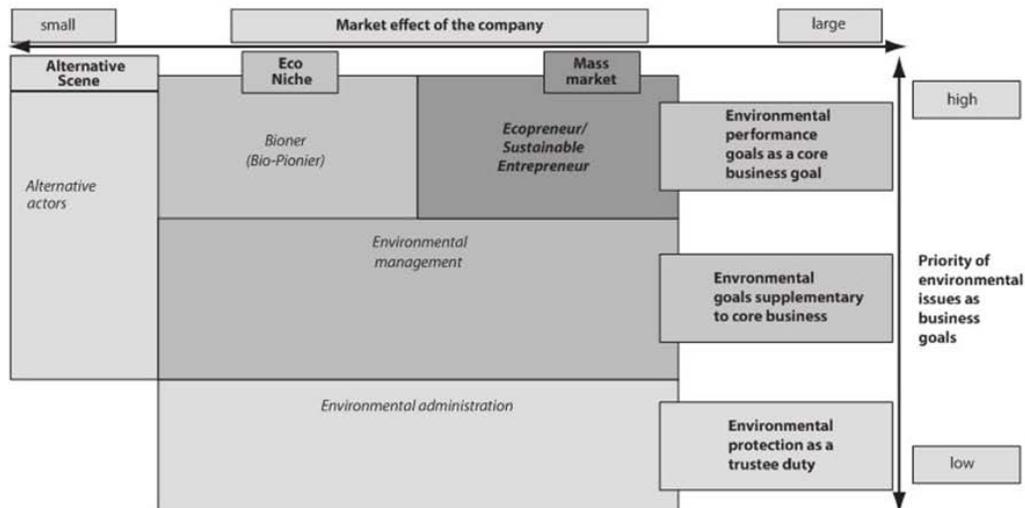
### **Background Literature**

Very little literature refers directly to re-design but business-encyclopaedias describe re-design as an optimization methodology for example as part of a product or service re-launch. Due to the fact that the term is often used in unqualified ways, it is necessary to give a clear understanding of what it means from an array of different perspectives. In our world of commodities it is often noticeable that products and services even tend to sell better after a re-design (Haug, 1971).

Sustainability entrepreneurship, as it is understood in our investigation presents a new approach for solving today's sustainability challenges with business and in our specific case with re-use businesses. In that context,

basic used literature refers to a sustainability entrepreneurship concept that combines economic, social and environmental value creation (Hockerts and Wüstenhagen, 2010) and in a further sense, synthesizes environmental entrepreneurship and social entrepreneurship literature under one stream of entrepreneurship research based on both environmental and social objectives (Schaltegger and Wagner, 2008; Hockerts and Wüstenhagen, 2010).

Based on that, the model and framework for our contribution are the categories and development steps of sustainability-oriented entrepreneurship of Schaltegger and Petersen (2001) and Schaltegger (2010) that are illustrated in the following typology. The typology assesses sustainability entrepreneurship on the basis of the two dimensions priority of environmental and social issues as business goals and the market effect of the company.



Source: Schaltegger and Petersen (2001, p.10); Schaltegger (2010, p. 81)

## Methodology

On the one hand we conduct semi-structured interviews with the founders and CEOs as well as with customers of the respective initiatives and on the other hand, we analyse secondary data available on homepages, reports, etc. Based on those findings and in order to support our contentions, a literature review is conducted and the term re-design is defined and put into context with systems such as re-use, remanufacturing and recycling.

In accordance to Schaltegger (2002) our questions are subdivided into the following fields: programmes of activities (business policies, environmental statements, activity programmes, etc.), range of products and services (degree of environmental and social orientation of products and services of the re-use initiatives compared with its competitors), organisation and communication processes and market effects.

## Results and Implications

The preliminary result is the clarification of the particular term re-design within the aim of this paper.

Furthermore results of case studies regarding re-Use, remanufacturing initiatives within the context of sustainability entrepreneurship. By applying the typology of Schaltegger and Petersen (2001) and Schaltegger (2010) the work will demonstrate: (1) why re-use initiatives are understood as exemplar for sustainability-driven entrepreneurs and (2) what distinguishes such initiatives from businesses with corporate environmental and/or social responsibility strategies.

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Anne Pierre

**Track title:** Sustainability

**Title:** Entrepreneurial perception of collaboration between the public and private sectors in small business development – a rural perspective

### **Aim**

Functioning collaboration between the public and private sectors on a community-based level might be especially important for small business development (SBD) in rural regions. Previous research shows that SBD is a driver of sustainable regional development by e.g. creating new jobs, encourage migration and build a certain social and economic value for a region. Many municipalities in Sweden work on creating a favorable business climate and thereby also encouraging regional development. The purpose of this paper is to explore how small business owners in a rural region perceive the collaboration between the public and private sectors and to see if this collaboration is necessary for SBD and regional development. It could be that many factors need to come together in order for a rural region to experience small business development, which might lead to regional development. Such factors can be trust between the private and public sectors, necessary tools given by the municipality to the entrepreneurs so that they can establish and develop their businesses, open communication and a positive business climate. But, what happens to regional development in a rural area when the business owners' perception of the above mentioned factors are not in sync with the municipality's perception?

### **Background**

Politicians, policy-makers and societal regulators seem to agree about the significance of community-based entrepreneurship (Pierre et al. 2014) and depending on levels and methods of collaboration between sectors, this also affects the level of entrepreneurial activity in an area. It is discussed by Johannisson and Nilsson (1989) that business owners in rural regions have more personalized ties with local, regional, and national authorities and interest groups than business owners in urban areas. As Shields (2005) discusses, low population size and density, and as a consequence, limited local demand, make it difficult for rural businesses to achieve economies of scale or critical mass. It can therefore be discussed whether or not the involvement of the public sector is necessary in SBD.

Public and private sector partnership (PPP) is one type of collaborative engagement in partnerships among business, government, and civil society—the three main societal sectors that address social issues and causes (Selsky and Parker 2005). By creating partnerships it might be more likely for businesses and/or organizations to reach beyond the local community, if wanted and needed, in order to enlarge their markets and reach further out with their purposes. On the other hand, it is just as important to collaborate within the local community, especially in rural areas, where networking in various forms makes each business stronger and the opportunity for long-term economic sustainability increases.

### **Methodology**

The case studied is the municipality of Berg. Berg is located in Mid Sweden in the region of Jämtland and is considered to be a rural region with its 5753 square kilometers and about 7200 inhabitants. This gives a population density of 1.25 people per square kilometer, which is considered to be low in comparison to the national level of 20.6 people per square kilometer. The main industries are visitors, agriculture and tourism. There are mainly micro companies in Berg (1-9 employees) and the small business structure differentiates more distinct from agglomerations.

By conducting this study qualitatively and as a case, the opportunity was there to conduct interactive action research by interviewing and observing samples, alongside viewing documents such as newspaper articles, journal articles, blog discussions.

The data collection was conducted out in the field during March to June 2012 and in February 2013, focusing on selected companies in the municipality of Berg in the region of Jämtland, Sweden. Ten semi-structured interviews were made in order to open up for unthought-of issues and discussions. Samples were chosen among business owners that are part of the municipality's business association, and through the snowball effect that was created when interviewing these. Selected officials and politicians involved in business development issues in the municipality were also interviewed. In January 2014 the interviewees were contacted again in order to reconcile that the comments given at the time of the interviews are still current. No changes were needed.

### **Results and implications**

The municipal business department is currently offering several guiding and coordinating activities for business owners. One of them being the so called 'business pilot', where entrepreneurs are offered a contact person who can act as support in cases that may involve several municipal activities. This contact person may help with coordination of the entrepreneur's case, survey of the state of the business, contacts at the municipality, tips on land and vacant premises, proposals for financing and general advice and information about entrepreneurship.

Several local networks are based in different parts of the municipality and interact in their own issues, and the local entrepreneurship development is conducted in close cooperation with business associations and business groups in the municipality to create growth and jobs in the community. At the moment there are six business associations, three based in Berg and three that function on a national level, but directly or indirectly affect business development in the municipality, depending on the activity.

Berg is considered to be a rural region, which makes the results interesting. Results indicate that the level of entrepreneurial activity is higher than the national level in spite of the fact that Berg is ranked as number 227 (2013) out of 290 municipalities in Sweden according to their ability to create a favorable business climate. Johannisson and Nilsson (1989) argue that business owners in rural areas are very much dependent upon the various support programs provided by the public sector in order to be successful. This is however not true in the case of Berg. In spite of the municipality's attempts to create a favorable business climate through various activities, business owners who were interviewed indicated that they did not depend on the municipality in creating and developing their businesses. It seems like the entrepreneurs in Berg stand firmly on their own legs in their business development. It was discovered through the interviews that local social capital played a more important role in the level of entrepreneurial activities than did the municipal's work on business climate. On the other hand, the municipal officials and politicians felt that their work is crucial for regional development and the level of entrepreneurial activities.

An important implication of this article is that it points out that it is necessary for the private and public sectors to be in close communication and symbiosis with each other in order to optimize regional development. Most small business owners are certainly capable of establishing and running their businesses, but some might actually in fact need the support of the public sector. If these small business owners and the public sector cannot find each other, regional development might not be optimized. Practically, this contribution might aid as a guide for certain municipalities in their SBD work and consequently in their regional development. Theoretically it connects theories such as PPP, trust, networking and social capital in order to get a better understanding of how the public and private sectors perceive each other and how they can collaborate differently and better in order to attain economic and social welfare through regional development in rural areas.

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# **Competition and Co-opetition: A Case Study of Alternative Approaches to Co-Creation**

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## **ABSTRACT**

**Track Title:** Innovation

**Paper Title:** Competition and Co-opetition: A Case Study of Alternative Approaches to Co-Creation  
**Aim of the Paper**

### **Background Literature**

Recent years have witnessed the emergence of the co-creation concept. However, despite progress on the topic, our understanding of what co-creation entails is limited. Working closely with and leveraging a host of economic actors in order to introduce new products/technologies and to compete in the marketplace has thus far been primarily examined in the context of large, successful and durable organisations (e.g., Adner, 2012: Apple, Amazon; Iansiti and Levien, 2004: Wal-Mart and Microsoft; Moore, 1996: Apple, IBM, Ford; Pitelis and Teece, 2010: McDonalds and Coca-Cola). But can such a strategy be employed by entrepreneurial ventures that may lack the legitimacy, resources and social capital of their established counter-parts (Katila *et al.*, 2008) necessary to establish and manage such an effort? The focus of this paper will be in answering the question of how entrepreneurs effect co-creation.

The notion of co-creation has received particular attention with the articulation of the Service-dominant logic (SDL). In their seminal work, Vargo and Lusch (2004), put forth the SDL as an alternative to the goods-dominant logic (GDL) of exchange. At the core of SDL lays the principle that value/service cannot be created independently in manufacturing and consumption because value is ultimately determined by the consumer during exchange. SDL advises collaboration and co-creation of value with customers and supply as well as other value network partners, rather than merely marketing various products/services (Vargo & Lusch, 2006a). Although there does not exist a formal definition for co-creation per se, wide agreement exists as to what the term stands for. Broadly speaking, co-creation refers to interaction between exchanging parties which results in the joint creation of value for those involved.

In terms of the entrepreneurs' role in delivering value, the authors argued that organisations exist because entrepreneurs can envision supply and demand and consequently bring together the specialised resources necessary to create and provide this service (Vargo & Lusch, 2008). In this sense, entrepreneurs and their collectivity become one of the most important operant resources in society (Vargo & Lusch, 2006b). Since value becomes a joint function of the actions of providers and consumers, such a logic of co-creation of services, value propositions, as well as value processes and networks (Vargo & Lusch, 2006a), poses different normative implications for the way entrepreneurs behave in the market (Read, Dew, Sarasvathy, Song & Wiltbank, 2009).

In particular, in the last decade, work on effectuation, has shed light into the way expert entrepreneurs think about entrepreneurship and create organisations and new markets (c.f. Sarasvathy, 2001). Effectuation is positioned as an alternative paradigm to casual logic; the latter dictates that entrepreneurs set with predetermined goals and subsequently accumulate the means to achieve their goals. In contrast, effectuation makes a case for five principles guiding entrepreneurial action. These principles include: starting with available means, investing on the basis of affordable loss, leveraging contingencies, attempting to shape rather than predict the future and forming partnerships (Dew, Read, Sarasvathy & Wiltbank, 2008). The last principle emphasises the power that lies in entrepreneurs collaborating with other market players in co-creating demand and by way of extension, opportunities and new markets (Dew *et al.*, 2008; Dew, Sarasvathy, Read & Wiltbank, 2009; Read *et al.*, 2009).

### **Co-creation: The issues**

Research on co-creation is less than fifteen years old and despite the progress made, a lot more is called for. An on-going concern is the lack of empirical evidence to help substantiate and advance forward theorising (Brown, 2007; Chan, Yim & Lam, 2010; Echeverri & Skålén, 2011; Ng, Nudurupati & Tasker, 2010). Table 1 summarises extant empirical work on co-creation. The focus of the Table is on papers published after 2004 (prior to that synonymous terms to co-creation were largely used in marketing literature c.f. Bendapudi & Leone, 2003, for an extensive review on the topic). The papers summarised in Table 1 were retrieved by examining the papers that cited the seminal work of Vargo and Lusch (2004). The keywords: empirical, data and co-creation were used to limit the number of results to 173 papers.

In the first instance the abstracts were reviewed to decide whether the notion of co-creation was central and whether the papers were indeed empirical. After discarding articles that referred

tangentially to co-creation and reading the remaining twenty-six articles, Table 1 was derived. There are seventeen works featuring a qualitative methodology, six employing quantitative methods and three mixed methods papers. The majority of qualitative papers used case study methodology. Given the field's state of maturity this is to be expected (Edmondson & McManus, 2007).

There are several issues arising from Table 1. The most prominent one is that of narrow focus. The founding figures of the SDL have argued that co-creation implies that value is created at "the intersection of the offerer, the customer...and other value-creation partners" (Lusch, Vargo & O'Brien, 2007: 11). However, perhaps owing to the initial articulation of the SDL which outlined co-creation between an organisation and a customer, we have observed an almost exclusive, empirically and conceptually, focus on this dyadic relationship (Frow & Payne, 2011; Vargo, 2011). In Table 1, seven papers explored business to consumer (B2C) relationships in the context of co-creation, seven focused on customers (in the context of a B2C relationship) and nine focused on the organisation (again in the context of a B2C relationship). Only two papers looked into other players involved in this process and two in business to business (B2B) relationships.

Looking into the research topics/questions outlined in Table 1, the following themes arise: whether co-creation leads to better results, what factors/conditions impact on the (successful) involvement of customers in the co-creation process, co-creation of brands, and the various (facilitating) roles customers and firms may play in the process of co-creation. In terms of how co-creation takes place, which is the focus of this paper, extant work is at an early stage, where various sub-processes of co-creation, in terms of specific examples and functions, are outlined. For example, Payne Storbacka and Frow (2008) developed a framework for value co-creation which focuses on supplier-customer relationships and does not answer the question of how co-creation takes place, in terms of a process that could be generalisable outside the context which the authors studied.

Finally, with the exception of the paper by Read and co-authors (2009), work on SDL seems to have focused on extant organisations. Although practising SDL allows for innovative practices to enter the shell of an organisation, work on start-ups and entrepreneurs per se is missing from this line of literature. At the same time, work on effectuation, which holds market co-creation as an approach to practising entrepreneurship has empirically been tested in terms of presenting experienced entrepreneurs with problem solving tasks and using think-aloud protocols (c.f. Read et al. 2009). However, adopting a cognitive approach to examine co-creation is good as a starting point but not necessarily ideal, as it is difficult to ensure that how entrepreneurs think about a certain situation matches how they will act when faced with it.

## **Methodology**

The selected research methodology is inductive, multiple case-studies (Eisenhardt, 1989a). We chose Otto and Electron (aliases) as two extreme revelatory cases (Yin, 1994) because they illustrate the phenomenon of interest to a high degree (as in Rindova et al., 2012). Given limited theorizing on the topic under study, qualitative case studies can allow for conceptual richness that enhances theoretical development (Eisenhardt, 1989a; Ozcan & Eisenhardt, 2009; Santos & Eisenhardt, 2009). For each case, the first five years, of their operations are reviewed in detail, and a brief post-study review is conducted on the five years which followed.

## **Results and Implications**

The data highlights two different ways of effecting co-creation by leveraging business models that emphasise co-opetition or competition. On these grounds, two propositions are articulated which attempt to link value capture and performance, in the short- and long-term, with the two different approaches to co-creation.

# Investigating SME Employee Adoption of Sustainable Practices

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Keywords: sustainability, SME, employees

## Aim of the Paper

This paper uses Dubin's (1978) framework to propose a theory of employee adoption of sustainable practices in small and medium-sized enterprises (SMEs), identifying five pro-social, extra-role behaviors: (1) perceived organizational support, (2) second-party support, (3) social norms, (4) personal disposition toward behavior, and (5) intrinsic motivation. A theoretical model, laws of interaction, propositions, and suggestions for future research are discussed.

## Background Literature

Academicians and business consultants recognize that employee engagement in sustainability is a source of competitive advantage because it increases both productivity and creativity (e.g., design products for reuse), cuts costs, decreases environmental footprints, and increases brand reputation (Brighter Planet, 2010; Little, 2005; Ramus & Killmer, 2007; Rich, Lepine & Crawford, 2010). Although sustainability practices are a powerful driver of competitive advantage, few organizations understand how to motivate employees to engage in them. Consequently, explaining SME employee adoption of sustainable practices is an essential part of SME sustainability research.

This paper builds on extant theoretical and empirical studies in the areas of organizational theory and motivational theory, using Dubin's (1978) theory-building framework. I focus on SMEs, companies with fewer than 100 employees for service firms and fewer than 500 employees for manufacturing firms. Becoming a truly sustainable company depends on empowering and incentivizing employees to integrate sustainable practices into tasks and decision-making daily. In SMEs, employees represent a critical bridge between sustainability and profitability, and researchers need a framework that identifies variables that influence SME employee adoption of sustainable practices, including corresponding antecedents and outcomes. This study identifies intrinsic and extrinsic factors from employee perspectives to uncover practical areas to which SMEs can make internal changes to achieve sustainability. This paper provides a theoretical perspective missing in extant research. Primary factors that influence the core process of employee adoption of sustainable practices include:

1. Intrinsic motivation
2. Personal disposition toward behavior
3. Perceived organizational support
4. Second-party support
5. Social norms

Adoption of sustainable practices begins when a (future) employee develops a personal disposition toward sustainable practices. Personal disposition refers to preexisting values, beliefs, and habits in relation to a behavior or task. In this case, it refers to values such as caring about the environment, a community, an organization, or stakeholders. This theoretical structure (see Figure) creates numerous proposals concerning adoption of sustainable practices, and these proposals base future research on understanding the process. Rarely does extant research investigate employee perspectives of sustainability, and when it does, it examines environmental dimensions of sustainability and multi-national corporations (Ramus, 2001, 2002; Ramus & Killmer, 2007). There are at least three reasons for ignoring employees. One is accessibility; research takes too much time from employees' daily tasks. Second, many SMEs are manufacturers; they enjoy immediate benefits when, for example, environmental practices are implemented (e.g., cost reduction). Third, "sustainable practice requires organization-wide involvement and hence affects a large number of employees who are not required to promote environmental change as part of the job" (Ramus & Killmer, 2007, p. 557). Sustainable practices are voluntary, and organizations typically do not understand how they influence them. Ramus and Killmer (2007) suggest that one way to address this challenge is to promote extra-role behaviors.

Few studies examine employees and corporate social responsibility (CSR) (Aguilera, Rupp, Williams, &

Ganapathi, 2007). Underlying CSR at the employee level is research on employee justice perceptions (Cropanzano, Byrne, Bobocel, & Rupp, 2001). "CSR perceptions shape the employees' subsequent attitudes and behaviors toward the firm" (Aguilera, et al., 2007 p. 840). Employee perceptions of work-environment fairness demonstrate benefits to both "employee well-being (e.g., job satisfaction, stress, health, emotion) and organizationally relevant outcomes, such as employee commitment, turnover, absenteeism, job performance, citizenship behavior, and counter productivity" (Aguilera, et al., 2007 p. 840). When employees perceive fairness, they are satisfied and work harder, and research suggests positive moods promote pro-social behaviors (Brief & Motowidlo, 1986) that encourage employees to adopt sustainable practices. Job applicants' perceptions of a firm's CSR performance influence desires to work for the firm (Turban & Greening, 1997), and other scholarly perspectives of CSR in SMEs include ethical and stakeholder theories (Argadona & Hoivik, 2009; Devi & Hemant, 2009; Moore, Slack, & Gibbon, 2009; Perrini, 2006; Perrini et al., 2007; Russo & Tencati, 2009).

I explore sustainable practices in SMEs using organizational theory and motivational theory from an employee's perspective because there is a need to link organizational theories to the greening process (Starik and Marcus, 2000, p.543.) Extant research links established streams of organizational research to environmental management (Cordano and Frieze, 2000; Ramus and Steger, 2000). One example is Ramus and Killmer (2007), who develop a framework of employee motivation based on research on corporate greening, within the theoretical context of value-creating behaviors and behavioral-intent models. They suggest that linking corporate greening to pro-social behaviors is an appropriate means to explore what motivates employees to engage in eco-initiatives. However, this does not apply to SMEs. A common assumption (Donalson & Preston, 1995; Freeman, 1984) suggests CSR and environmental practices stemming from multi-national corporations apply to SMEs, but SMEs cannot adopt CSR and environmental policies from the knowledge and experiences of large corporations (Morsing, 2006) because those corporations and SMEs differ critically (Welsh & White, 1981). SMEs tend to be independent, multitasking, and cash-limited, relying on personal relationships and informality (Spence, 1999). Owners, with highly personalized, local foci, often manage companies in ways that make them dependent on internal sources to finance growth (Vyakarman, Bailey, Meyers, & Burnett, 1997).

Intent theory suggests that when a person intends to do something, he or she eventually does it, though it is necessary to explore antecedents of those intentions. Intent models are suitable for analyzing an employee's motivation to perform extra-role, pro-social behaviors because they incorporate motivational drivers and apply them to behaviors performed in both weak and strong contexts (Cordano & Frieze; Fishbein & Ajzen, 2010). Sustainable practices constitute pro-social behaviors. This study does not explore whether employees intend to adopt sustainable practices; it explores intention motivation. Future research can use the framework developed here to explore whether employees intend to adopt sustainable practices.

## **Methodology**

I use Dubin's methodology for theory building. There are a number of strategies and methodologies that theory builders can use to develop and apply theory (Eisenhardt, 1989, 1995; Fujimoto et al. 2009.), but Dubin (1978) provides a comprehensive methodology for theory building that is relevant to applied fields such as management, marketing, and organization theory. Dubin's methodology includes eight phases: 1) units (i.e., concepts) of theory, 2) laws of interaction (among concepts), 3) boundaries of the theory (within which the theory is expected to apply), 4) system states of the theory (i.e., conditions under which the theory operates), 5) propositions of the theory (i.e., logical deductions about the theory in operation), 6) empirical indicators (i.e., empirical measures used to make the propositions testable in operation), 7) hypotheses (i.e., statements about predicted values and relationships), and 8) testing. The first five represent structural components of the model, and the last three represent the process of empirical validation. To build the model, this paper follows the first five steps, which represent structural components. Although theorists usually consider the entire scope of Dubin's model, theory building and empirical study are often separate, and each is conducted here as a distinct study.

## **Results and Implications**

The Figure illustrates differences between factors. For example, personal disposition and intrinsic motivation are factors that are often already found in an employee before he/she enters an organization. The employee's experiences second-party support, POS, and social norms after he/she is hired. These factors increase the employee's motivation to intend to adopt sustainable practices after he/she begins working at the company.

Personal disposition toward sustainable practices include, for example, the environment, community, and future generations. Forum for the Future's (2007) recent report suggests:

Future leaders are much less motivated by prospective wealth than many might think. Almost four-fifths (79%) say that having an interesting job will be very important for their personal happiness in the next ten years. Only 33% say the same about having a job that pays well. (p. 11)

The report further suggests that college students are not enticed by higher salaries, though this position might change when they complete their education and have to pay back student loans. Nevertheless, this finding is a signal for both institutions of higher education and other organizations; students and future employees are looking for places that can help them cultivate interests. It is critical for SMEs to not only practice sustainable practices, but also incorporate them into strategies to attract talented employees.

Intrinsic motivation influences employees differently. It is about pleasurable body sensations they experience when caring about the environment or community. This factor links with sustainability indirectly and independently of personal disposition. If the individual is aware of the connection between intrinsic motivation and personal disposition, he/she wants to increase personal disposition to increase intrinsic motivation.

POS depends on organizational commitment to sustainability in that it should not be sustainability on paper but implementation of sustainable practices, including education. Second-party support and social norms are also linked. Management should not only provide support to employees to adopt sustainable practices but should also model the behavior.

Thus, the model proposes that these five variables should be explored together since they interconnect. They mutually stimulate employee engagement, which leads to adoption of sustainable practices, job satisfaction, creativity, and efficiency. This approach provides benefits to the organization that lead to competitive advantage (e.g., reputation, brand value, and cost savings). The appeal of this framework is not that employees possess preexisting values, but rather a combination of preexisting values with other variables helps an organization by encouraging employees' natural tendencies to be pro-social. For those organizations considering implementing sustainable practices, it is important to understand preexisting values in an employee so they can design mechanisms that fit his/her preferences.

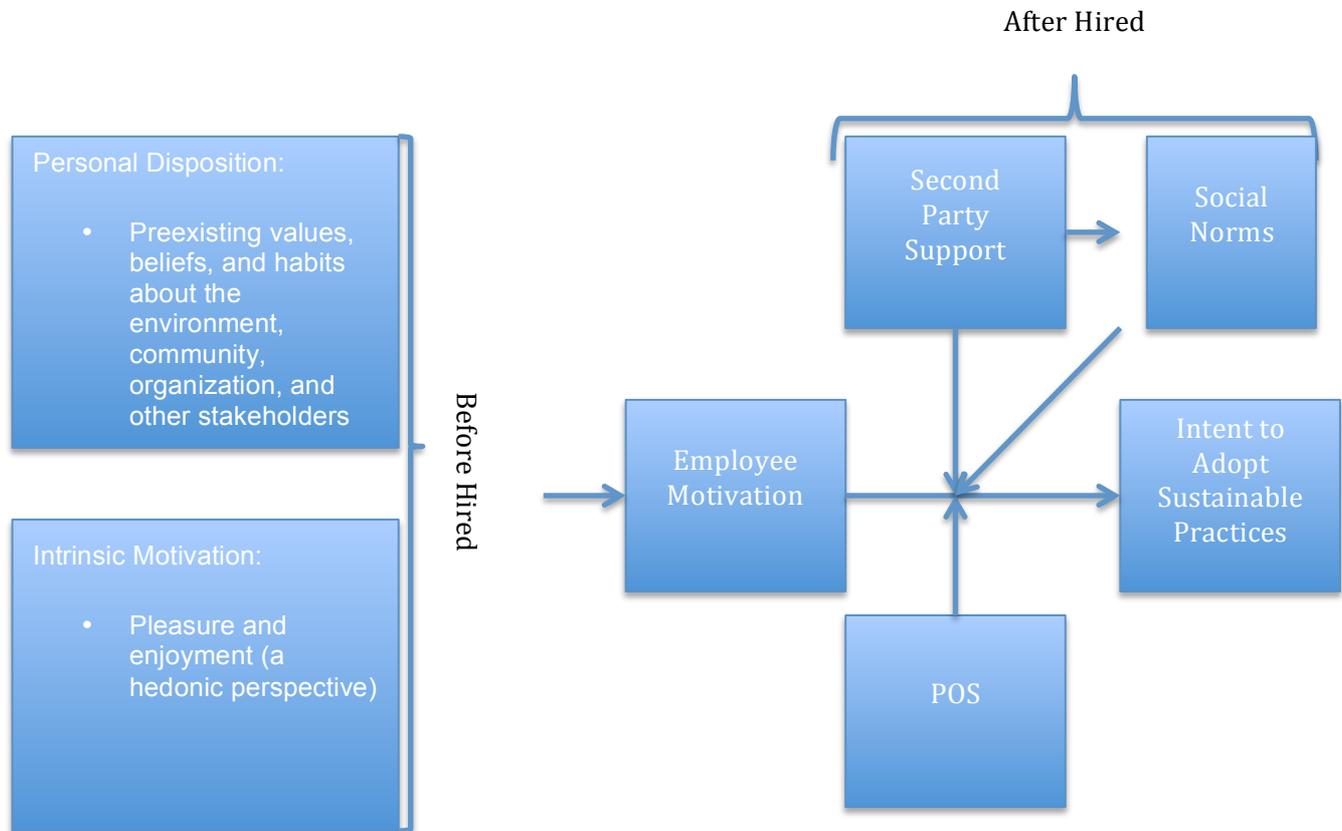


Figure. Proposed Model of Pro-social Behaviors

# **Internationalization of German High-Tech SMEs: Overcoming the Main Barriers**

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Internationalization, High-Tech SMEs, Barriers, Germany

## **Track title**

Internationalization

## **Paper Title**

Internationalization of German High-Tech SMEs: Overcoming the Main Barriers

## **1 Aim of the paper**

Germany is one of the top exporting countries in the world and traditionally developed numerous patents and technologies. Many big companies like Bayer AG and Siemens AG are world leaders and the internationalization rate of these enterprises is with 55 per cent relatively high. Paradoxically, only 10 per cent of the German SMEs expand to foreign markets (Institut für Mittelstandsforschung, 2007: 264) and comparative studies showed that this also the case for high-tech SMEs. Especially, young high-tech companies can have the potential to become global leaders when they penetrate international markets rapidly (Schwens and Kabst, 2011). We want to find out what hinders these companies to internationalize and make suggestions how the identified barriers could be overcome.

## **2 Background Literature**

The internationalization process itself is well researched which leads to commonly accepted models like the Uppsala internationalization process model (Johanson and Vane, 2005), the born-global model (Madsen and Servais, 1998), the born-again global model (Bell et al., 2003) and the born-regional model (Lopez et al., 2008). These models discuss the speed of the internationalization process and if the internationalization happens rather structured or unstructured. What currently is not in the focus of these models is why some companies go through the whole internationalization process while others stop the internationalization on a certain point. We want to further study the barriers which make some companies stop expanding into foreign market. Whether they already exist many studies about the barriers for internationalization in general only few studies exist about the barriers for high-tech SMEs (see e.g. Shaw and Darroch (2002) and Baum et al. (2011)).

In addition, the internationalization of high-tech SMEs is not well researched so far (e.g. Rialp and Knight, 2005; Friedrich and Kraus, 2009). It might differ from other industries because the internationalization process partakes rather quickly and other market entry strategies are used compared to low-tech SMEs (Crick and Spencer, 2005). We want to contribute by creating better understanding of the internationalization process of high-tech companies and why a part of them not follow through the internationalization process. Rather than focusing on a large survey as a data set we will use a longitudinal data set with in-depth data.

## **3 Methodology**

Our data set consists of 120 venture capital backed high-tech SMEs in Germany financed by eight different venture capital funds. We collected the data directly from the original deal documents of the venture capital firms. We therefore used different documents like the business plan, due diligence, investment committee paper and the qualitative and quantitative monthly reporting. That enabled us to get in-depth knowledge about each individual company. We collected quantitative data (e.g. the working experience of the founders) and qualitative data (e.g. the international market entry strategy). We used content analysis to collect qualitative results. To ensure a high reliability we used investor triangulation for our qualitative data. We used multiple encoding rounds until we received a Krippendorff's alpha of 0.9 or more which can be interpreted as a good value (Krippendorff, 2004). In addition, we conducted a survey with the supporting investment managers of the companies to get additional results.

The high-tech SMEs in our data set got first financing between 2005 and 2012. The average age of our companies was 5.1 years. 50 companies of our sample of 120 companies went international which leads to an internationalization ratio of 41.6 per cent.

#### **4 Results and Implication**

We found out that German high-tech SMEs stop the internationalization process mainly because of the following three main barriers.

##### **4.1 High costs of internationalization**

The internationalization creates additional costs. International sales staff has to be hired, the website and product information has to be translated and in some cases international patents has to be filed. That can lead to substantial costs. Young high-tech companies have high costs to develop their product and often need a substantial amount of time to bring their product to the market. Therefore, they are dependent on external financing to enter their regional market. That way they often have to give a big amount of their shares away to develop their product which can make it more difficult to raise the additional money for the internationalization. Pinkwart and Proksch (2014) showed that a sufficient financing is of the main determinants for an internationalization. One company for example calculated the costs for the internationalization at 4 mil. Euros:

*To realize this internationalization strategy it is necessary to finance the US-business for at least two years. Therefore in addition to the marketing and sales budget of 1 mio Euros for current operations, we are expecting 1.5 mio Euros p.a. additional costs. This results in funding requirements of 4 mio. Euros.*

##### **4.2 Regulatory barriers**

Patents enable a high-tech SME to protect their technology and therefore strengthen their market position. However, patents can also be a barrier for the internationalization of high-tech SMEs. They have to scan the foreign markets for similar patents and decide when patents are found if it would be safe to enter the market or an agreement (e.g. licensing) with the patent holder should be made beforehand. That can increase the cost of the internationalization like one company explained:

*[Company X] patent is interfering with the US market entry, that is why the seed phase investment needs to be relatively high (2.6 Mio €) or the entry could be delayed.*

##### **4.3 Difficulty to find international partners**

To succeed in foreign markets often depends on the right partners and the international networks. With these partners it's easy to overcome the main barriers while entering a new market like the language barrier and the culture barrier. However, it can be difficult to find the right partner like one company of our data set states:

*In this context [Company X] was invited by eight well-known US-investors to present the business model. Especially [Investor 1] and [Investor 2] seriously pursued an investment (multiple meetings, strategy conferences, reference calls etc.) but in the end did not conclude because of the companies lacking west coast presence.*

##### **4.4 Implications for policy makers**

We have identified the three main barriers for internationalization of German high-tech SMEs. One common known barrier is the costs for the internationalization which is especially an issue in Germany with a relative small venture capital market. 7 years ago a governmental venture capital fund for seed financing was found to foster the founding of technological companies and so far it's very successful. Similar to this, a governmental supported fund could be created to especially fund the internationalization of high-tech SMEs.

Also, the regulatory barriers are a big issue special for certain industries. To overcome that, policy makers could negotiate common standards to make it easier to file a patent in several countries. The same could apply to medical regulations. A liberalization of the standards could greatly enhance the capability of high-technology companies to internationalize.

In addition, high-tech SMEs should be encouraged to build their international network right from the beginning. A possibility is the visiting of international trade fairs, a behavior often seen by successful international companies in our data set. The venture capital funds which finance the high-tech SMEs could encourage the companies to do so and may accompany them in these fairs. A survey with the investment managers of the

funded company showed that the support of the internationalization of the high-tech SMEs of the venture capital funds is rather low. Here lies much potential to further foster the internationalization.

# Science Policy, Innovation Policy, Entrepreneurship Policy in Innovation Driven Economy

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**Keywords:** science policy, innovation policy, entrepreneurship policy, universities, national interests

**Track title:** Policy

**Science Policy, Innovation Policy, Entrepreneurship Policy in Innovation Driven Economy.**

**Aim of the Paper:**

The paper focuses on analyzing the relationships between governmental policies that have a strong effect on the entrepreneurial development in one innovation driven economy. As examples of the governmental policies we will specifically look into science policy, innovation policy and entrepreneurship policy in one innovation driven economy. The particular aim of the paper is to investigate how the governmental policies relate and influence on one another, and how they have similarities and differences, and elements that refer to process view rather than isolated policy development view. We will discuss the aim with the help of empirical research materials and its analysis, and with the help of the research literature that is interdisciplinary, theoretically laden.

**Background Literature:**

The literature both from policy studies (Larsen, 2011; Mansfield, 2011; Scherer and Harhoff, 2000) and from entrepreneurship studies (Cohen et al, 2002; Shane, 2004; Wright et al., 2006; Muller, 2010) refer to the co-creation of new knowledge, patents and products through the knowledge transfer and commercialization as vital means for the growth and innovation-spread. These latter aspects, knowledge transfer and commercialization, are most often measured through various types of indicators, ranging from funding and collaboration to invention disclosures, licensing, number of spin-offs, patents, worker mobility, networks and their intensities, etc. (e.g. Ponomariov and Boardman, 2012; Berger et al, 2012; OECD stats, 2013). The literature also underlines the importance of networks, benchmarking, incentive mechanisms and management of research institutes alike as keys to growth and development (OECD, 2013). Undoubtedly these facts hold the truth empirically when measured through various robust and transferable indicators.

The importance of cultural and societal aspects of policies, more precisely, the complex policy mediation, travelling policies, as well as policy change processes have received relatively little attention in the transnational policy development (Jasanoff, 2006; Lechner and Boli, 2005; Boxall et al., 2007; Innes 2002). When policies are analyzed through frames such as meaning-making and translations new aspects of the policy formulations, their connections and translations have become visible. Framing policies as meaning-making underlines the layered meanings of policies (Stone, 2002) and puts emphasis on the interpretative processes and multiple meanings (e.g. Yanow, 1996; Kovalainen and Sundin, 2012). The notion of 'translation' of policies emphasizes three issues: the processes by which the policies are developed and adopted, the displacement of policies, and the various ways of domesticating the global policies at the national level (e.g. Callon, 1986). The notion of translation of policies problematizes the view in which policies are seen as mere outcomes, or mechanic programmes for implementation with strong emphasis on input-output modelling and causality of effects. The translation of policies approach argues that the articulation of 'policy' varies and it includes the kinds of processes by which 'ready-made policies' become only understandable through their historical and ontological specificities (e.g. Burawoy, 2000; Tickell and Peck, 2003; Poutanen and Kovalainen, 2010).

**Methodology:**

Through the empirical material we will argue that the translation of policies is about the particular ways by which facts become produced and by which policy transfers become contested (e.g. Venn, 2006; Clarke, 2004). In the paper we will use qualitative content analysis and systematic, comparative thematic analysis. Moreover, theoretical close reading and critical discourse analysis will be used as methods. The empirical material consists of science policy documents, innovation policy documents and entrepreneurship policy documents, ranging from documents such as public documentation of policy process itself, to key speeches, white papers and final policy formulations.

**Results and Implications:**

Our results suggest that the government policies, in all three key areas of innovation driven economies - science policy, innovation policy, entrepreneurship policy – are framed in a similar manner, but are not unchanging or universal, as suggested in the literature. Our results show that however global the policy documents are, often argued to be travelling through time and space unchanged, they still are articulated in the context, in specificity of time and place. Our results from the empirical analysis are close to Collier and Ong's (2005) findings on global policy forms that are 'territorialized in assemblages' (2005, 4). According to our analysis, these territorialized assemblages define new relationships in economies that have new material,

cultural and discursive forms. Our paper thus gives stronger emphasis on the analysis of processes and genealogies of policies than the measuring of the outcomes of policies. In conclusion, our study contributes to new research domain within the entrepreneurship policy studies by introducing new theoretical and methodological aspects from social sciences' policy research into entrepreneurship policy research domain.

**Archival Entrepreneurship: The Telling and Selling of Stories from the Past**

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**Key words: entrepreneurship, archival entrepreneurship, simulacrum, identity work, habitus,  
collective memory**

## Abstract

**Track:** Different Contexts or Sustainability (in the social sense)

**Title:** Archival Entrepreneurship: The Telling and Selling of Stories from the Past

### Aim of the Paper

Bookspan (2006) argues that by viewing entrepreneurship as both creative and contributory, one may achieve a “structural foundation on which to build history-based businesses responsive to social and economic changes” (p. 67). In this paper, we seek to explore how entrepreneurs may contribute to the broader collective memory of communities by working within the domain of history-based businesses. We present the results of exploratory empirical work concerning what we term “archival entrepreneurs.” These we define as individuals who have painstakingly sought to create new ventures from historic content. This research provides insights into both the individual entrepreneur’s identity work as well as the extent to which the resultant business contributes to the collective identity of the community (real or imagined) in which the business is primarily situated.

### Background Literature

In this study, we adopt Williams’ (2010) theoretical and methodological approach to entrepreneurship to explore archival entrepreneurs. He argues, in part:

(O)ne cannot ‘be’ an entrepreneur. Instead, one ‘performs’ entrepreneurship, just as one performs ‘masculinity’ or . . . performs ‘management.’ These are roles that we assume in the rhetorical moment, writing them as we move through our lives and responding to unique contexts that require us, at any given moment, to shift our identity within the realm of what it means to “be an entrepreneur” (p. 16).

The performance of entrepreneurship from this perspective is identity work. Identity itself is expressed through narrative, which is, in turn, a form of “meaning making.”

(I)t is a complex form which expresses itself by drawing together descriptions of states of affairs contained in individual sentences into a particular type of discourse. This drawing together creates a higher order of meaning that discloses relationships among states of affair. Narrative recognizes the meaningfulness of individual experiences by noting how they function as parts of a whole. Its particular subject matter is human actions and events that affect human beings, which it configures into wholes according to the roles these actions and events play in bringing about a conclusion. Because narrative is particularly sensitive to the temporal dimension of human existence, it pays special attention to the sequence in which actions and events occur (Polkinghorne, 1988, p. 36).

For Hindle, the narratives of the lived experiences of entrepreneurs provide one basis by which to understand entrepreneurial processes. What makes this approach “messy” is that that narratives, while often attempts at interpretation of complex social realities, reveal as much about the individual as about the situation itself. Despite its complexities, narrative offers insight into the entrepreneur’s “inner forces and arrangements, wishes, fears, and traces of past experiences. (Morgan and Murray, 1935, p. 390).

Williams (2010) suggests two theoretical approaches as the basis for the idea that entrepreneurs perform their identities. These include Baudrillard’s ‘simulacrum’ and Bourdieu’s ‘habitus.’ Baudrillard (1994) proposes that a culture or group is defined by a ‘simulacrum’ – a logic of simulation that presents symbols as representative of reality. Individuals process symbols and cultural content in an unending interpretive loop which is reified by value structures and lived experiences. In the context of this study, for example, an individual might visit a bed and breakfast in a region rich in American Wild West history. The bed and breakfast offers a perspective on the Wild West which is internalized by the visitor and this perspective replaces the “real” Wild West with a reconstituted version. This version is appealing in that it offers a truth that is compatible with the individual’s idealized value system. For Baudrillard, this process of internationalize and reification becomes an endless process of his “simulacra” – simulations of simulations.

The French sociologist Pierre Bourdieu (1991) suggests the concept of “habitus.” Habitus is the system of beliefs, thoughts, actions and perceptions individuals develop in response to societal stimuli. The habitus prompts individuals to behave in predisposed ways without the benefit of a fully articulated social contract.

The notion of habitus is distinct from that of simulacrum because Bourdieu conceptualizes reality as both observable and outside the individual. Moreover, it affects the lives of individuals. Humans are not without agency, however. Hence, evolutionary processes provide the basis for shifting and converging paradigms and the development of new habitus.

## Methodology

We conducted phenomenological interviews (Wertz, et.al. 2011) and paraethnographies (Ginsburg, et.al., 2002) with entrepreneurs in the western and Midwestern United States who meet our definition of "archival entrepreneurs." Data sources included the interviews themselves and photographic artifacts and field interviews collected at each site. Data collection continues.

## Results and Implications

Our preliminary data suggest a typology based on the extent to which the entrepreneur chronicles, narrates, and/or interprets historical and cultural content. Some archival entrepreneurs coordinate content with larger social and cultural work and perspectives; others are more myopic. In either case, this research demonstrates how entrepreneurship may act to both preserve and reconstitute cultural heritage and help to both reify and shape a community's collective memory of important historic events. It suggests how competing theories of social behavior may be accommodated in entrepreneurial practice.

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## **Responsible Entrepreneurship: norm and/or ideal of French family businesses?**

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Key words: social representation, family business owners-managers, responsible entrepreneurship

## TRACK TITLE: FAMILY BUSINESS

### PAPER TITLE: Responsible Entrepreneurship: norm and/or ideal of French family businesses?

#### Aim of the Paper

This is the first attempt to study the social representation of responsible entrepreneurship in a French family business context. According to Hannafey (2003), Choi and Gray (2008), a responsible entrepreneur is characterized by fairness, honesty, and care about health and safety issues, while the enterprise social responsibility consists in "going beyond economic and legal requirements" (McGuire, 1963), through implementing "voluntary activities" (Manne and Wallich, 1972), and showing a "concern for the broader social system" (Eells and Walton, 1961) "giving way to social responsiveness" (Ackermann and Bauer, 1976). There is evidence that social responsibility can be nowadays envisioned as a "strategic resource to be used to improve the bottom line performance of the corporation", through increasing the company's reputation and consumer loyalty (Kotler and Lee, 2005), attracting responsible employees (Laszlo, 2003) and developing new markets (Porter and Kramer, 2006). Recent studies indicate that family businesses may be better positioned and equipped for socially responsible behavior than non-family firms mainly because of their embeddedness in their local communities' values and interests.

This article deals with a new inquiry field in family business research: the family business image and its potential impact on attitudes and behaviors towards the company and its products/services. We did a survey on 297 French family-business owners-managers to identify their social representation relative to their family business. We asked them to enumerate three main characteristics that, according to them, distinguish their family businesses as regards to non-family firms. Our key finding is that social responsibility was cited as a major distinctive attribute of family businesses, with responsible entrepreneurship emerging as a core characteristic of the social representation of family businesses held by French family business owners-managers.

#### Background Literature

Conceptualized as a corporate category brand (Craig et al., 2008), the family-based identity plays an active role in promoting and defending a distinctive positive image in the public eye as regards to non-family firms. As a rare and valuable strategic resource of family businesses, the family brand identity may be thus "deliberately projected from within the business to the outside" (Dyer and Whetten, 2006), with family business owners-managers identified as the protectors and the main vectors of this identity (Carrigan and Buckley, 2008). We define family businesses as firms managed/governed by the same family, "with the intention to shape and pursue the vision of the business", and potentially sustainable across generations (Chua, Chrisman and Sharma, 1999: 25).

The perceived distinctiveness of family businesses has received a growing interest in family business research (Anderson and Reeb, 2003). Botero et al. (2012) demonstrated that the attitudes towards family businesses are highly influenced by their representations of family business identity, which additionally impact the attractiveness of the firm among potential employees. The psychological process explaining this impact is the "image transfer" of the family business to its products and services, as well as to its perceived capacity to be a good employer (Blombäck, 2010). Yet, there is a lack of empirical studies focusing on the perception of family business owners-managers concerning the family business identity definition in terms of "what we are?", "who we are?" and "what do we want to be?" (Balmer and Greyser, 2003).

Structures of knowledge socially shaped and shared, social representations tell individuals how things *are*, and at the same time how they *should be* and how individuals *should behave* in order to be consistent with general values, norms, and social expectations (Sperber, 2000). Common reference frames for a given population (Doise et al., 1993), social representations have a narrative content and structure: "...one deep reason why we tell stories to ourselves (...) is precisely to 'make sense' of what we are encountering in the course of living..." (Bruner and Luciarelli, 1989: 79).

Interpersonal and group communications allow family business owners-managers to exteriorize their thoughts and feelings into the social world, and to convert these subjective experiences into a common reified reality, collectively shared and transformed within a linguistic form (Searle, 1998: 84). Abric (2011) conceptualized the cognitive organization of social representations as a hierarchical structure composed of central and peripheral elements. The central core system elements are commonly shared by a majority of population, while peripheral elements are activated in a selective and differentiated manner according to the context and to the individual's goals. The central core system is mainly *normative* in its functioning, whereas the peripheral elements of the representational system are rather *descriptive* and context-dependent (Guimelli, 1998).

#### Methodology

In the autumn 2014, we conducted a national survey of 297 French family business owners-managers to identify the core elements of their social representation relative to their family firm distinctive identity. The family business sample was representative of French family businesses in terms of size and economic sectors distribution. We interrogated 206 first-generation, 60 second-generation, 21 third-generation, 7 fourth-generation, and 3 fifth-generation family business owners-managers. Participants were asked to cite three distinctive characteristics of their venture. We did content analysis with all occurrences being first categorized on the basis of semantic

analysis, then we counted the number of occurrences in each category and we designed a cognitive map of these categories to emphasize the core elements of the social representation of family business in the eye of family business owners-managers. Responsible entrepreneurship was identified as the core element of this social representation.

### **Results and Implications**

We identified several components of the social representation of family business identity held by French business owners-managers. Most of these components are strongly linked to the perceived social responsibility of the family business owner-manager as regards to the company's various stakeholders (customers, employees, business partners, local community). Participants highlighted the distinctiveness of their family businesses as consisting in personal relationship with employees, suppliers and distributors, allowing the enterprise to promote quality, authenticity and transparency towards the customers. They stressed that the long-term orientation of their family businesses invited them to invest time and efforts in shaping trustful and strong relationships within their firm and their community. We present the core components of the social representation of responsible entrepreneurship as perceived by French family business owners-managers and we discuss theoretical and practical implications for the study of the social representation of family business' identity in relationship with corporate social responsibility issues.

## Evolution of Small Firm's Network in Aircraft Industry

### Summary

This paper shows that in the aircraft industry the small firm's network is characterised by a complex system of collaboration between firms. The paper highlights four main conclusions: a) the aircraft industry is affected by a phenomenon of reorganization of the vertical relationships; b) the drivers that push towards reorganization are connected with the necessity to reduce risks; c) the process of reorganization is pushing the suppliers towards the creation of supply networks, which incorporate various skills and competences in order to meet customer's requirements better; local supply system is increasingly involved in the global market.

**Keywords:** Production organization, Small Firm's network, Supply System, Aircraft industry

### The production organisation in the aircraft industry

According to a vast literature that depicts the peculiarity of the aircraft industry, its production organization is influenced by a complex system of factors, which, even if varied in nature, are strictly connected (Hayward, 1994; Pinelli et al., 1998; Bonaccorsi, Giuri, 2001; Guerra, 2011; Corallo et al., 2012; Martinez-Romero, 2013). In particular, four main factors emerged (**Errore. L'origine riferimento non è stata trovata.**):

- *High technological level.* The high technological level implies that also a slight improvement in the technology is obtained through great efforts and a steep increase in the final cost of the vehicle. This last peculiarity explains the significant homogeneity of the technological solutions used in the products of the aircraft industry: in fact little erroneous variation of the combination of technology and price involve massive financial losses. In the aircraft industry the risk related to a wrong positioning in the technology/market matrix is rather elevated. The firms try to reduce these forms of risk through various collaboration and cooperation agreements with other firms, that could be potential competitors, and with airlines, in order to assure an adequate number of orders since the ideation phase of the project (Texier, 2000; Pinelli et al., 1998; Ferreri, 2003, Esposito, 2004).
- *Technological Complexity.* A constraint to firm's ability to innovate is the complex nature of aircraft products, which brings with it limited possibilities to control all the technology necessary to develop an aircraft. Saying that the complex nature of the product hampers the innovative capabilities of firms is a bit too strong statement, nevertheless for the aircraft product this is true for the following aspects: the systemic characteristics of the aircraft product due to the combination of different technologies (Material, Engines, Aerodynamics, Equipment, and Avionics); the high interaction with pervasive technologies such as electronics and ITC; the large number and the huge technological variety of parts and components; the high level of reliability and quality required for single components, and final products, which continuously affect technological innovation process; the high cumulatively of acquired knowledge due to the product specificity; and the systemic characteristic of product implying potential changes or consequent redesign of the product as a whole, or part of it, when innovation is introduced. Consequently, firms are obliged to operate in a technological context where huge efforts are translated into small technological improvements. For this reasons the aircraft firms focus their know-how on particular technological areas, so to manufacture an aircraft it is necessary to develop a system of relationships between specialised firms (Hayward, 1994; Pinelli et al., 1998).
- *High development costs.* At the end of the eighties, some authors estimated that to launch a new generation of aircraft development costs would reach 10 billion \$US (Tyson, 1992; Jane's, 2012). Today, for the launch of the A380 some estimates the investments reached 15 billion \$US. The high development costs means that a certain degree of effort is required to cover the enormous amount of resources necessary for the programme. Then there is the risk associated with the uncertainty regarding cost estimates. It should be taken into consideration that the effective costs of the development of the Olympus motor for Concorde, barely seven years after the launch of the programme, increased by 140% compared with the initial estimate (Devriese et al., 1972). The inaccuracy of the estimate was understood in these terms: 28% for the construction of the prototype and its testing; 46% for changing the programme and the project; 66% for changes in economic conditions and management costs. To absorb the effort connected with the high development costs and reduce *financial risks*, firms go through an intensive pre-project period in order to single out those partners to

work with and select early in the process the alternatives to carry over to the development phase.

- *Break even point*. There is no country in the world able to absorb the number of aircraft which would allow it to reach the break even point. Furthermore since the aircraft industry is a strategic sector, many governments impose direct and indirect barriers on the acquisition of aircraft not manufactured with the participation of local firms. Large manufacturing firms get round these *market barriers* by making agreements involving firms from different countries in the production process (Ferrerri, 2003).

The result of the pressure of these factors is an aircraft production organisation on an international scale based on intense collaboration between firms. This specific organisation develops according to a hierarchical structure including a final assembly area, where the parts and components coming from three sub-sectors (Engines, Equipment & Avionics and Airframe) and three production levels are assembled. This hierarchical organisation takes the form of a pyramid with a leader firm (or consortium) looking after the assembly of the aircraft and which is responsible for the programme. The leader, which comes from the Airframe sub-sector, organises the flow of parts, components, systems, information and final assembly of the aircraft. The top of the pyramid divides into the three sub-sectors, each of which has its own structure and a degree of autonomy connected to the details of the programme (Figure 2).

### **Vertical relationship in the aircraft industry**

In the previous paragraph the different flow of raw materials, components, and information related to the production processes and the quality controls that go through the production pyramid were presented. These flows are necessary to realize the physical products, but they are also the backbone of the vertical relationships between the assembly firm and the other firms that take part in a program.

These relationships highlight a really complex organizational structure of the sector that is not understandable using more traditional linear models, in fact at the same time horizontal relationship link firms that operate in different sub-sectors and vertical relationships link firms that operate in different levels.

This paragraph is focused on the vertical relationship that occurs in the sector, in order to present them a *typical relationship* will be described. In other words the system of relationships that link the leader firm at the top of the pyramid with firms that operate at the second and third level of the pyramid will be described.

The leader firm that coordinates the program and assembly the final product at the same time has a direct or indirect control of the whole production process; furthermore the leader firm store all the information relative to the product, in order to be able to track back the history of every component in every moment; it also manage the relations with the airlines and it is legally responsible for the aircraft (Figure 3).

The second level of the production process is represented by large firms belonging to the world oligopoly that realize technologically complex parts or components of the aircraft. Generally these large firms are leader in their own program so that they belong both at first and second level. For example Alenia aircraft is at the second production level in the B787 program, but it is the leader, together with EADS-France, in the ATR program.

They receive from the leader firm all the specifications for the components, then they decide what they will produce in-house and what will be outsourced to third level suppliers, they will also choose the third level suppliers (always considering the specifications and the minimum requirements of the leader firm), and they will follow and help them in their growth process. The second level firms are obliged to deliver to the leader firm all the parts and components realized, also the defectives ones, and the related information on their production process. They are also obliged to store a record of all the parts and components realized and the related information in order to give the leader firm the possibility to verify in a very short time that they respect the conditions of the contract and the accuracy of the production process.

The lower level in the production network is constituted by small and medium firms that act as suppliers of the second level, anyhow the leader firm has the right to check directly in any moment, if the supplier is able to meet the quality standards required and if the production process is realized according to the procedures imposed in the program.

The system of relationship described above gives the possibility to the leader firm to control all the components of an aircraft and to track back their history, how, where and when they were produced. This last point is really important because the leader firm is responsible for the reliability of the aircraft with the airlines and the national and international security and control agencies. It is for this reason that most of the relationships, that take place between the companies that are participating in an aircraft development and production process, are related to the circulation of technology, the management of the information and the quality level in the production process.

## Evolution of the supply system in the aircraft industry

The reorganisation of the sector on a world-scale is bringing about a profound reorganisation of the production cycle in global terms and the reorganisation of the supply chain. The change regards both firm belonging to the world oligopoly (first and second level firms) and the small and medium western supply firms which have been operating in the sector for some years (third level firms).

To analyse how the supply system in the aircraft industry is changing, the first step is to see the trend in an historical perspective. In the last forty years four main evolutionary phases can be pointed out:

- *Phase of creation of a supply relations system;*
- *Phase of steadying of the supply relations system;*
- *Phase of the fluctuating supply;*
- *Phase of creation of a cooperative supply relation system.*

### A) *Phase of creation of a supply system*

The first phase, characterized by a strong growth of the sector, lasts until the end of the seventies. The costumers were involved in the building of a supply chain. They externalised phases, sometimes quite relevant ones, of the production process, and used job orders to select the more dynamic suppliers and to establish a hierarchy in their supply system.

### B) *Phase of steadying of the supply system*

The second phase lasts all the eighties and is still characterized by a strong growth of the sector. The customer structured the supply relationships as a pyramid, at the top only few developed suppliers (first tier) establish tight collaborative relationship with them. The customers developed a non homogeneous distribution of the job orders in order to operate on a long term perspective and this help the first tier suppliers to grow qualitatively and quantitatively, without suffering a strong pressure to reduce the prices. As a consequence the small and medium firms chosen as first tier suppliers increased their trust in customer because the relationship is growing quantitatively and is not based only on reciprocate financial and material flows, but also on exchange of technologies and knowledge. The supply relationship system is outlined as a pyramidal structure that involves suppliers with non uniform roles, strategies, and levels of commitment.

### C) *Phase of the fluctuating supply*

In the early nineties, the aircraft industry underwent a period of crisis with a sharp drop in world demand and a heavy reduction in turnover and employees, the big customers reacted by bringing in-house production processes that had been previously outsourced. The consequence for the suppliers was a sharp reduction of the job orders, which in some cases lead to their exit from the market.

In the second half of the nineties the aircraft industry began to come out of the slump. The recovery in world demand allowed a change in the strategy and customers decided to outsource again as much as possible of the production process.

Therefore what emerged is that leader firms during the expansion phases of the industry invested in the outsourcing of many of the production processes (this generates a supply system with specific competences and relational skills, like in the eighties and in the late nineties), while during the contraction phases invested to bring in-house the processes that were previously outsourced to suppliers (this crush and deteriorate the supply system that was only just built, like in the early nineties).

The result is a fluctuating supply relations system, where the customers increases and reduces the amount of activities externalized and the consistency of the relationships with the suppliers, according the economic cycle. This causes the dissolution of the mutual trust that is one of the key elements in a well-developed supply system.

### D) *Phase of creation of a cooperative supply system*

This phase began when the aerospace industry started to come out of the slump in the mid-nineties and is the consequence of the transformation of the sector at national and international level. The leader firms move their core competences and re-organize their system of alliances in a changing context, new players from emerging countries, such as China and Russia among others, appear on the aircraft market.

The firms of the emerging countries that are able to provide a lower labour cost and a good technological know-how, with some peaks of excellence, increase the competitive pressure on the traditional suppliers. However the leader firms move their core technology towards the program coordination, the final assembling, and the interaction with the market (governments, airlines, etc.). The result is that the suppliers have a serious possibility to move up in the production pyramid. They are engaged not only in technical problems, like realizing more or less complex components, but also in the management of the significant technological and production

processes. In other words, the supply activity is evolving from the mere production of parts and components to the offer of a service (from production phase to service phase).

In this context, the suppliers needs to reduce costs, improve technological level, and guarantee a higher quality and service level to the customer. These are pushing the suppliers towards the creation of supply networks, which incorporate various skills and competences in order to meet customer's requirements better. Thanks to these supply networks suppliers will be not only able to cooperate with large national customer, but also to operate on the global market.

These transformations are modifying the supply chain of the industry. Nowadays suppliers network are more and more operating autonomously on the global scenario developing both collaborative and competitive relationships with second level firm (Figure 3). In different words, the development of suppliers' network is allowing a real process of globalization of the supplying system in the aircraft industry. In this way the small supplier thanks to this system of relationships will be more and more directly involved in the process of vertical relationships organized on a global scale.

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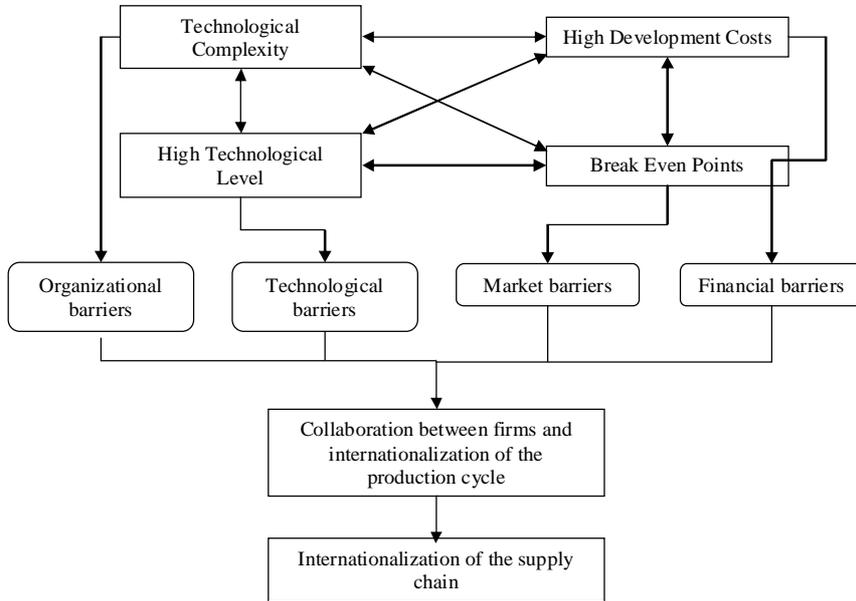
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## Tables

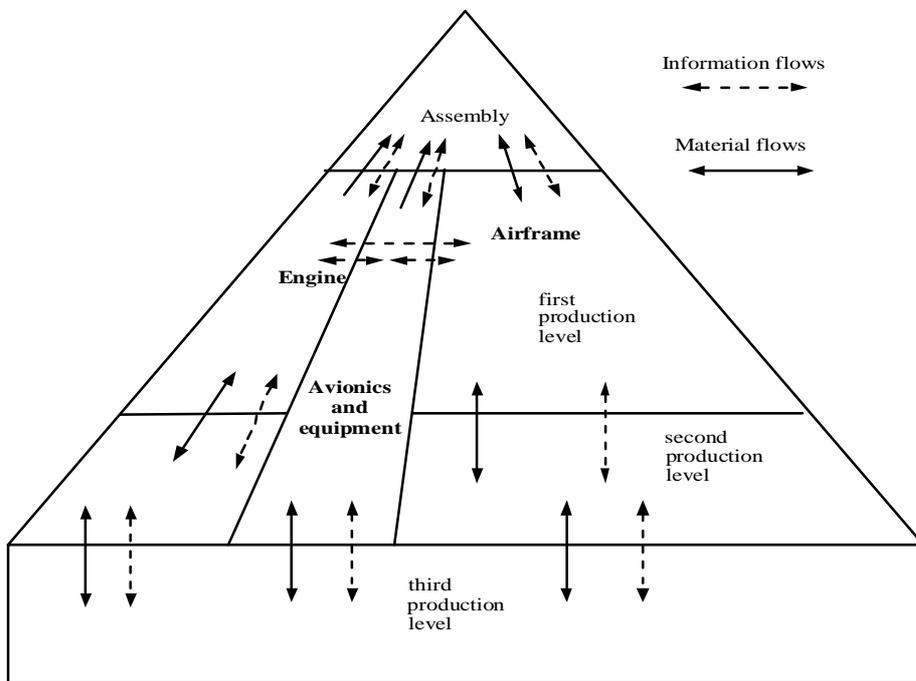
Phase of the supply relationship	Typology of supply	Organizational structure of the relationship	Key Capabilities	Relationships
<i>phase of creation of a supply system, 70s</i>	Capacity Specialization Complex	One customer to many suppliers	Technical	First exchanges of technological knowledge
<i>phase of steadying of the supply system 80s</i>	Capacity Specialization Complex Well-developed	Pyramid structure Strong links with well-developed suppliers based on trust	Technical Relational	Intense exchanges of information and knowledge with evolved suppliers
<i>phase of the fluctuating supply 90s</i>	Capacity Specialization Complex Well-developed	Pyramid structure Weaker links with evolved suppliers	Technical Relational	Intense exchanges of information and knowledge with evolved suppliers
<i>phase of creation of a supply network 00s</i>	Capacity Specialization Complex Well-developed Cooperation	Pyramid structure Links of the purchaser with suppliers consortiums	Technical Relational Organizational	Vertical exchanges of information and knowledge Intense horizontal exchanges within consortiums

**Table 1. Phases of the supply relationship in the aircraft industry**

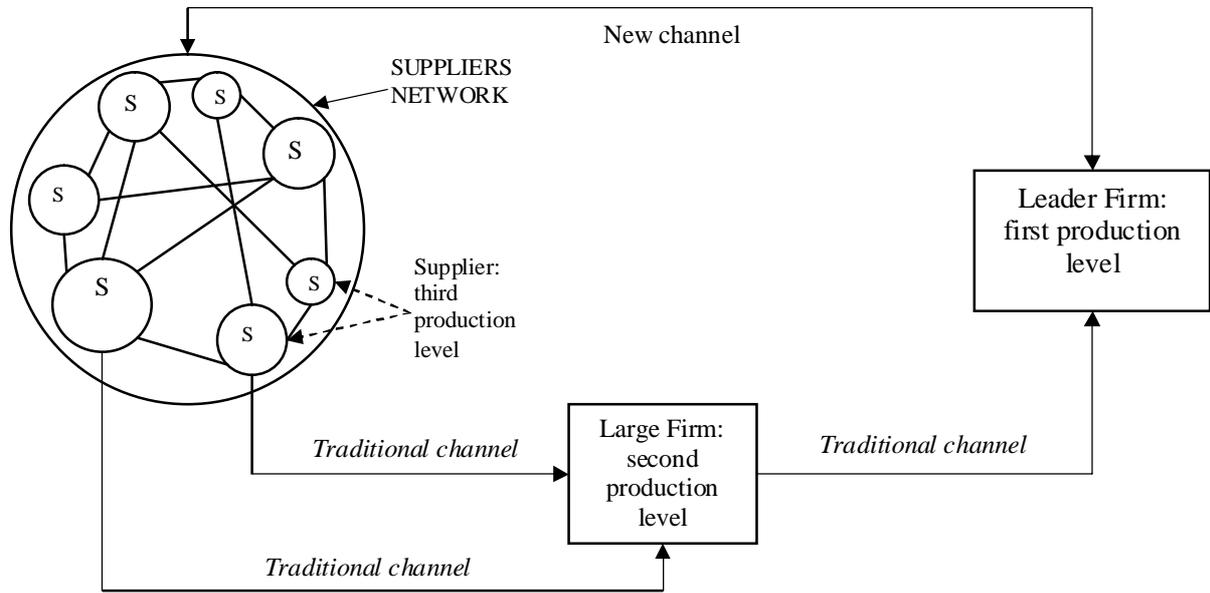
**Figures**



**Figure 1. Structural characteristics of the production organization in the aircraft industry**



**Figure 2. The production pyramid of the aircraft industry**



**Figure 3. Traditional and new channel of relationship in the aircraft supply chain**

## **Exploration/Exploitation during Development, CEO Bonding Behavior & Poor Innovation Outcomes in SME's**

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Key words: innovation, resource dependence, agency, exploration, exploitation

## **Track Title**

Innovation

## **Paper Title**

Exploration/Exploitation during Development, CEO Bonding Behavior & Poor Innovation Outcomes in SME's

## **Aim of the Paper**

The consensus is that innovation is vital to firm performance, and that ambidexterity for a balance of development – product innovation for new markets and projects that enhance existing products- is needed. But studies show that rates of new product innovation are low at firms across the globe.

When studying innovation, researchers have concentrated mostly on the early stages of Search, Project Selection, and Initial Design for insight into exploration/exploitation. This paper investigates how much the balance of new product innovation (exploration) versus existing product work (exploitation) may change during the overlooked R&D phase. In other words, our research questions whether ambidexterity is sustained or does the exploration/exploitation balance fall apart during development.

Past exploration/exploitation research most often concentrates on gaining insight (Li et al., 2008; Lavie & Rosenkopf, 2008; Medcof, 2010) into choosing exploration versus exploitation, whether to do the development sequentially or in parallel, or explaining low rates of innovation (Li et al., 2008). Innovation research using this perspective has given a “black box” treatment to the engineering/R&D phase (e.g. Garcia et al. 2003). In other words, once a firm's overall development plan is set, the ambidextrous balance has been assumed to prevail during the entire R&D phase, and any ratio (exploration/exploitation) remains intact until development completes.

One reason for this treatment is that past research shows that successful development (whether new product or existing product) requires similar development skills, and that development performance is similar for both breakthrough and incremental projects (Parry et al., 2009; Goktan & Miles, 2011; Cooper et al., 2004; Kahn et al., 2006). Therefore, research looks predominantly at issues prior to engineering or at outcomes in the market after development (Sidhu et al. 2007; Li et al. 2008).

This research concentrates on decision processes that impact the firms' development plans, while those plans are inside development. It asks: Do explorative projects progress differently than other projects during development? Is overall performance different for explorative versus exploitive projects? What processes may influence ambidexterity during development?

## **Background Literature**

Research mostly concludes that firms do insufficient innovation to ensure longevity or superior performance (Rosenkopf & Almeida, 2003). Firms make tradeoffs to decide if innovation projects intended to exploit current paths (exploitation) or intended to explore new ones (exploration) will move ahead. The result is a ratio or balance of exploration to exploitation (Lavie & Rosenkopf, 2006) and an attempt at ambidexterity (doing both). Innovation entails a shift away from organization current knowledge or skills, or market expertise (Lavie & Rosenkopf, 2006; Smith & Tushman, 2005). Bierly & Daly (2007) described innovation as following radical new ideas versus using existing knowledge.

Innovation researchers have segmented processes of innovation into components; idea search, design, development, production, and market launch (Cooper & Kleinschmidt, 1986; Knox, 2002). Finding skills and capabilities that correlate to positive or negative outcomes (Bloom & Van Reenen, 2002; Kleinschmidt, et al., 2007), to establish “best practices” (Blindenbach, & van den Ende, 2004; Wheelwright & Clark, 1995) and on issues such as team makeup, development processes, and team practices (Brown & Eisenhardt, 1997; March, 1981; Takeuchi, & Nonaka, 1986) has been the overriding intent of the research. This paper investigates management decisions which affect ambidexterity during the R&D phase; an area overlooked. It seeks to determine the degree of transformation in exploration during R&D, and the resulting overall product innovation shortfalls that can be attributed to the change,

Agency theory is central to this study because it outlines a basis for management decisions. Agency Theory is applied broadly to situations of control and behavior within any relationship of delegation – whenever one entity (the principal) appoints another (the agent) to perform work. Jensen and Meckling (1976) defined the concept of agency cost as the cost of the principal monitoring the agents; the costs from the efforts of the agent to bond with the principal; and the loss from sub-optimal outcomes when agent decisions diverge from owner interest. The agency tenet of Bonding Behavior – an agent (CEO) acts in a manner to signal alignment with a principal (Board) – is the theoretical foundation of this research. In our paper, we test whether Agents (CEO) may forgo long term performance in favor of short term results in order to bond with superiors (Board). We test the impact of this agency dynamic on manpower allocations while

product innovation is undergoing R&D.

## **Methodology**

The research used, sequentially, a qualitative and quantitative phase. It began with multiple site interviews at small software firms that resulted in theoretical models. Then, the hypothesized constructs and processes were tested via a population study. Results of the dependent variable analysis and the regressions are provided.

The research frame was small and mid-sized enterprises (SME) in the prepackaged non-consumer software industry, with commercially available product offered and sold globally. The theory building phase of this inquiry indicated a multiple site qualitative methodology (Eisenhardt, 1989; Eisenhardt and Graebner, 2007), and involved interviews within twelve separate software development. The quantitative phase of the study was a survey to 100% of the same population following the Tailored Design Method (TDM) as outlined by Dillman (2007). The population was 826 firms and all received a questionnaire. In total, 168 questionnaires were returned for a response rate of approximately 21 percent

## **Results and Implications**

The research has three main findings. The first is that the amount of exploration innovation firms ultimately produce differs significantly from the plan that enters the R&D department. It changes after the initial phases (search through design) have ended and development commences. The modal shift from exploration to exploitation during development is reported to be 13%. Thus, the development phase is central to low exploration outcomes. The second is that exploration projects are unique; decisions are made to consistently move R&D manpower away from projects aimed at new markets. These exploration projects have systemically worse performance than exploitive projects. The third finding is that the Agency Theory process of CEO Bonding affects this decline. Results show that the Agency Bonding Behavior model has support explaining 24% of the shift. Thus, it links low rates of explorative innovation in firms to processes that occur during development but originating external to the development team. In other words, it is not R&D competence but decisions by the CEO to change priorities (to enhance bonding with the Board) that determines output of innovation. The specific bonding behavior and mechanisms are discussed.

This study contributes to literature by addressing gaps in the global innovation literature. Firms decide the benefits and trade-offs of new market innovation versus enhancing current products. They then develop a strategy of balance between the two directions (He & Wong, 2004). However, this research suggests that any such strategy may not withstand the pressures of ongoing agency behaviors once the plan enters R&D.

Agency Theory is largely missing from innovation research. When Agency Theory has been applied, it has almost exclusively been used to analyze investment decisions in an effort to relate CEO/Owner alignment with innovation intensity (e.g. Hillman & Dalziel, 2003). This research makes a theoretical contribution to Agency Theory by first extending the theory to innovation research.

The study shows that the effects of agency are foundational to the low rates of innovation that are consistently reported, and it speaks to management's disappointment with their innovation outcomes. This study indicates that managers may not recognize the factors outside the capabilities and competence of R&D group that fundamentally impact innovation performance. Managers should be aware that resource shifting during development is often high because CEO's shift engineers toward projects that bring immediate revenue or land prestigious accounts. Managers should reconsider their reasons for changing priorities and resources. Bonding efforts can undermine the long term viability of the companies.

# Dauids or Only Goliaths? Overview of European High-Impact Companies in the Software Industry

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Key words: ICT, SME, growth, high-impact

Track title:  
Firm performance

## Abstract:

New service development and commercialisation within the domain of information and communications technologies (ICT) is regarded, among other knowledge-intensive industries, as one of the keys to the maintained wellbeing of the European societies. However, despite the large amount of on-going research conducted within this branch itself, the actual business demography of the ICT sector – characterised by, for instance, a large number of high-performing micro-scale companies – should be taken under closer inspection. In this study, we use the method of recognising high-impact companies introduced by Acs et al. (2008) and evaluate its suitability for the ICT sector. Our special interest lies in European small and medium-sized companies (SMEs) and in inspecting whether they may be recognised as ‘high-impact actors’ by using the method. For the purpose of assessing the ICT companies and testing the method, we utilise company data retrieved from Bureau van Dijk’s ‘Orbis’ database, which is a repository of quantitative data comprising the financial information of some 100 million companies worldwide. The companies having the largest ‘impact’ to the society with regard to their economic growth as well as employment growth are classified in a more detailed manner in terms of their specific branch of activity and target market(s). Furthermore, we present an analysis of the resulting data in order to provide insight into the actual societal effect of the ICT industry for the European society.

## Family Business Owner's Ownership Goals and Objectives – A Finnish Survey

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Key words; family business, ownership, ownership goals, ownership objectives, family wealth creation

## **Abstract**

Track title: Family Business

Paper title: Family Business Owner's Ownership Goals and Objectives – A Finnish Survey

## **Aim of the paper**

In this paper we will present the concept "ownership strategy" in family business context. The concept of ownership strategy has mostly been used in the field of financing and internationalization. Our study will bring this concept to the family business research and reflect it upon different framework of strategic management in order to clarify the strategic nature of family ownership. Family is creating a legacy, by transferring the business to the next generation and extending the family's reputation, thus families are investigating to their future. Family business development contains both collective and individual reasoning and decisions concerning the control and responsibilities over business. In this sense, the development relates to changes in ownership - either in terms of owning some particular object (estate, company, business, shares, and concept) or in terms of changing the combination of owners to those owned object (Rautiainen, Pihkala & Ikävalko, 2010).

## **Background Literature**

This paper will contribute to the family business literature by studying and developing the concept of ownership strategy. While most financial strategies are perfectly capable when developing the plan for business development and success, the strategies are usually not in concert with the family's or individual family members' long-term goals and wishes. As the family grows and business develops new strategies are required to control and increase financial resources.

Ownership is seldom explicitly defined in research, or ownership tends to be defined depending on the analytic purpose (Foss & Foss, 2001). Family shareholder dynamics can dramatically influence a family business; however, this has received little attention in the literature on family businesses. When examining the ownership in family business context, there is a need to understand the wholeness which form the family capital. Family capital is the bundle of owning – family member's resources composed of human, social, and financial capital (Dannes et al., 2009). Research has started to utilize the Resource based view as a framework for understanding the resources deployed in family business (Chrisman et al., 2005; Sirmon & Hitt, 2003). We combine the resource-based perspective along with financial aspects in order to build a framework to study owner's ownership goals and objectives.

## **Methodology**

This study bases on a national survey concerning ownership and governance of SMEs and family businesses in Finland. The survey concerns an electronic questionnaire which was targeted to the business owners and it was sent to respondents from two address data sets. The first data was collected together with the Finnish Family Firms Association (FFFA), which sent the link to the survey to their members of 400 different size family businesses ( $n=1500$ ). The second data stems from selected sample of members of Confederation of Finnish Industries (EK) that sent the survey to small and medium sized firms (employing 10-249 employees), all limited companies ( $n=2500$ ). We will use data from this empirical survey to show that using of ownership has strategic elements.

## **Results and Implications**

As results of the study we will clarify the strategic use of ownership strategy in family business context. Our aim is also to outline possible next steps to study the concept. Practical implications of our study emphasize the need to make family's and its individual member's intentions to use their ownership visible. Our goal is also to determine in a more direct way the separate effects of family financial, human and social capital and their effects to owner's goals and objectives. This exploratory study of owners within family business suggests a number of salient modes and means how owners estimate their ownership and what kind of goals and objectives they are expecting.

**IMPACT ASSESSMENT OF ENTREPRENEURSHIP EDUCATION IN AFRICAN SECONDARY SCHOOLS:  
AN EVIDENCE-BASED CASE OF SUCCESS IN ANGOLA**

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Keywords: Entrepreneurship Education; Secondary schools, Impact assessment; Evidence-based approach; Angola; Africa

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Impact evaluation and evidence-based results are among the most important contributions that researchers on entrepreneurship education can make. Reliable data on secondary schools programs in developing countries, especially in the African context, are rare. This paper is an impact evaluation of the pilot implementation from 2009 to 2013 of the United National Industrial Development Organization (UNIDO) and the National Institute of Research and Development in Education (INIDE)'s "Program for Entrepreneurship Education in Secondary Schools in Angola" (PEC).

The Program for Entrepreneurship Education in Secondary Schools (PEC) began as part of the curricular reform underway on behalf of the Ministry of Education, and was developed in three stages: a) development of concepts and methodologies; b) experimentation in selected schools; c) monitoring and evaluation; d) launch at a national level. The objectives of the program include the development of entrepreneurial skills among adolescents and youths, to help contribute to a sustainable private sector, and to play a significant part in the fight against poverty in Angola.

The evaluation used a sample of three provinces involved in the Program for Entrepreneurship Education in Secondary Schools and one control province, and was conducted during the week of November 3 to 10, 2013. The development of the sample was based on (i) the pilot provinces; (ii) the program's interventions in the selected schools of those provinces; (iii), and the individuals or communities that benefitted from those interventions. The questionnaire was applied to 650 students.

The questionnaire included more than 20 questions and used various behavioral characteristics of a person's potential and their understanding of the key concepts associated with entrepreneurship (Kourilsky and Esfandiari, 1997; Hunt, 2003; Peterman & Kennedy, 2003). We used the responses to look at aspects of young people and the positive image of themselves, as well as the desire to exercise and rely on their judgment and their ability to resolve difficulties as an expression of their entrepreneurial ability at an early age (Rosendahl Huber et al., 2012). The questionnaire looks at entrepreneurial activity and reflects on the construct of self-efficacy, and more specifically their perception and confidence in their abilities to control and influence their own surroundings and success. (Alvarez & Jung, 2003; Bandura, 1977; Ehrlich et al., 2000; Frank et al., 2005; Galloway et al., 2005; Lans et al., 2005; Moberg, 2013; Rosendahl Huber et al., 2012).

The results show that the students in the PEC have a greater sense of self-efficacy and higher levels of self-confidence, as well as reinforced knowledge of entrepreneurship, skills, attitudes and entrepreneurial intentions, when compared to the control group. Teachers and school administrators verified that the materials and curricular manuals supplied were in line with the needs of the students and adapted to the Angolan context. It was observed that the grades of the students in the PEC did not suffer as a result of the introduction of the entrepreneurship discipline.

The Global Entrepreneurship Monitor special report on Entrepreneurship Education and Training (GEM, 2010) noted that training appears to double intention rates, though not activity (business creation) rates, in factor-driven economies. (p.36) In this study, this tendency did not hold true. Not only is there a 19.6% difference in entrepreneurial intentions between the control group and the PEC group, there is notably a 12.3% difference in students who have created their own businesses. As the PEC program is compulsory in the schools where it has been implemented, these increases reflect closely the differences made by the program and do not reflect any of the self-selection bias that is prevalent in other entrepreneurship education research in programs where people have chosen to enroll and it is more difficult to attribute higher rates to the results of having participated in the program.

The levels of awareness of entrepreneurship were found to be very high among students from the control group (93.8%). Interestingly, of those students that participated in PEC only 40.2% said that they had heard of entrepreneurship before the course. In Angola, entrepreneurs are celebrated figures. On the average nightly newscast there are regular reports on entrepreneurial activity. It has been found previously that in efficiency-driven economies, effects on awareness and attitudes have been rather muted (GEM, 2010).

The question of where schools are supportive of a student's desire to be entrepreneurial has been researched and is seen as very important factor for the development of entrepreneurship education (GEM, 2010). In large majority both the control group (85.1%) and the PEC group (92.4%) feel that their schools should encourage students to create their own business and feel that word "entrepreneur" has something to do with them (85.8% and 86.8% respectively). However, whereas 92.4% of students in PEC feel that their school encourages them to create their own business, only 36.3% of students in the control group are of the same opinion.

According to the GEM (2012), 38% of the Angolan population has a “fear of failure” (p.23). This fear of failure is, generally, more prevalent in developed economies. However, the rate in Angola is nearer to the rate in Portugal (39.6%) and elsewhere in Europe than it is to the other sub-Saharan African countries (GEM, 2011, p.8). At a general level, entrepreneurship education doesn't seem to have an evident outcome in helping students deal with failure. Despite this, 66.2% of the PEC students recognize that their teachers “help us learn from our mistakes”.

The students involved in PEC showed a greater commitment to their “sense of community”, and to their part in society. Some 90% (83% in the control group) strongly agree that entrepreneurs are important for communities. This “sense of community” is also visible in the reasons to open a business. Doing it to improve life is rated higher than opening a business to earn money (62% strongly agree with the first and 48% with the second), while in control group is the opposite (58% and 65%). Also PEC students feel more support from families when it comes to creating a business (91% in PEC, 84% in control group). Families supported the students, and were even able to benefit from the fact that they were more prone to creating a business, or to run a business already, alone or with others. This greater involvement of families in the school life of the students improves inter-family relationships and reinforces savings-oriented behavior.

The conclusions point to the potential to boost results from the timely distribution of manuals and training plans for teachers. The materials should be made relatively flexible so as to not overly structure a discipline that promotes creativity and innovation. In pedagogical terms the recommendation is for greater coordination with other disciplines, to increase the impact of the activities developed in the area of entrepreneurship. In order to bolster entrepreneurship in secondary education further support for schools is needed, as well as more partnerships, to allow for the longitudinal oversight of the students. The evaluation of the roll out of the program should, from the beginning, include a baseline study and, the diverse programs of support for entrepreneurship should be integrated into a national strategy.

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## Abstract

### Track Title: Innovation

## Sustainable Entrepreneurial Activities through Innovation: the key for Economic Prosperity

**Aim of the Paper** – The purpose of this paper is to examine the sustainability of university research activities through the use of commercialization of intellectual property generated from within these institutions. Government funding of universities and the provision of public monies for R&D have declined across the majority of countries that comprise the OECD group of advanced economies (OECD, 2010). While government investment in higher education and publicly funded research has declined, the need for universities to engage more with industry to help deliver economic benefits via innovation has increased. Many governments seek to enhance their National Innovation Systems (NIS) (Lundvall, 2007; Sharif, 2006). There is an increasing need for enhanced engagement between universities and the business community to foster entrepreneurship and innovation via technology transfer, commercialization and collaborative R&D (Lockett, Wright and Franklin, 2003; Feldman, Feller, Bercovitz and Burton, 2002). However, there remain only a handful of examples of best-practice in this commercialization process, and few models that can be used across international contexts (Harman and Harman, 2004; Van Looy et al, 2011). This paper examines the use of entrepreneurial management to achieve sustainable funding models for research and innovation in universities.

**Background Literature** – Innovation is widely accepted as an essential prerequisite for societies to survive and grow. Innovation enables firms to gain positional advantage through cost leadership and/or differentiation (Porter, 1990), and thus has become an area of substantial interest for both academics and practitioners (Hailey, Farndale and Truss, 2005). Innovation is the generation, development, and implementation of new ideas or behaviours, new and value adding to the adopting firm (Damanpour, 1991). “Innovation is not an option, it is imperative,” Raupp, the minister of science, technology and innovation of Brazil declared, “The future of our country depends on this creative effort,” (Casassus, 2012). Further, universities can play a key role in the enhancement of a country’s NIS (Balzat et al, 2004). Since the late 1990s NIS models have included commercialization and innovation strategies that involve universities engaging with industry partners (Groenewegen and Van der Steen, 2006). Limitations relating to innovation and the diffusion of knowledge may be due to the lack of interaction between the actors in the system. In search of improved interactions, governments can provide the foundations for effective partnering among the elements in the system. The framework of the innovation management process consisting of seven components: i) inputs management; ii) knowledge management; iii) innovation strategy; iv) organizational culture and structure; v) portfolio management; vi) project management and vii) commercialization (Adams, Bessant and Phelps, 2006). Of these, the process of commercialization is one of the least understood within the academic literature. Much of the extant research that has been published in this area has focused on large companies, with relatively little attention given to universities (Milton-Smith, 2001; Sharif and Baark, 2008). Commercialization can mean taking an innovation to market, but may also include convincing production managers to adopt a series of new techniques available to them. Indeed, the successful introduction of new products and services into markets is important for the survival and growth of organizations (Gans, Hsu and Stern, 2002; 2003; Cooper, Edgett and Kleinschmidt, 2004a,b,c; Lee et al, 2010). Commercialization is concerned with making the innovative process or product a commercial success; it includes issues such as marketing, sales, distribution and joint ventures (Chakravorti, 2004). Within universities the process of commercialisation remains complex due to the need for industry partners with various options such as spin-outs, joint ventures, technology transfer and licensing (Martin, 2012; Plewa et al, 2013; Boehm and Hogan, 2013). However, there remain significant gaps in the knowledge base over how such processes are best managed.

**Methodology** – Interviews were conducted with over 40 directors of research, managers, academics, students, commercial units’ directors and managers at the universities and companies in Australia that turn university knowledge into commercial products and are engaged in entrepreneurial activities. Attention was focused on the commercialization of nano-technologies. The principles of case study design and method were followed (Yin 2003; Eisenhardt, 1989). Data collection involved both macro and micro level analysis of interviews and direct observation. Interview data was coded and analyzed using NVIVO software.

**Results and Implications** – The analysis generated a series of conceptual models of university-industry engagement around innovation commercialization. Entrepreneurial management approaches were found to be the most successful, although also less easily incorporated into the university’s more conservative and risk-averse organizational cultures. This also translated into issues associated with the way in which academics

were recognized and rewarded within their institutions, with many institutions and national research performance measures not aligned with entrepreneurial behaviour. Balzat and et al (2004) have described National Innovation System as “a historically grown subsystem of the national economy in which various organizations and institutions interact with and influence one another in the carrying out of innovative activity.” It is about a systemic approach to innovation in which the interaction between technology, institutions, and organizations is central. Policies for science and technology are intertwined with policies for trade and industry. The innovation process is one, which requires often rather extensive networks of information flows and rather free informal contacts over a fairly long period and often of a rather unpredictable kind. National competitive strategies, if they are to be relevant to the real problems, must take into account experimental results (Freeman and Luc Soete, 2009).

Business will understandably want the lead in any university-business partnership; and will want to define the university’s role in this partnership. Researchers are reminded of their responsibility to disclose all intellectual property to their technology transfer offices. The ideal scenario for university-business collaboration is for the university researcher to identify and engage a qualified corporate partner prior to initiating research activities, and at the earliest possible time in the corporate product planning cycle. Intellectual property rights for likely research outcomes should be negotiated between the researcher and their university prior to entering into collaboration. The researcher should pursue external funding to gain negotiation leverage with both the university and potential business partners. Internal champions facilitate negotiations between the researcher and business. Willingness on the researcher’s part to broaden the notion of “university research” will uncover many novel opportunities for collaboration.

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## **Panel Study of Entrepreneurial Dynamics (PSED) Protocol:**

### **Overview and Update on National Initiatives**

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Short title (27 Characters): PSED: Overview and 2014 Project Updates

#### **Abstract:**

The Panel Study of Entrepreneurial Dynamics (PSED) research protocol involves identifying representative samples of start-up (or pre-profit) ventures and tracking progress until they are abandoned or reach initial profits. After the initial efforts in Wisconsin, the protocol has been implemented twice with a U.S. sample, as well as in Australia, Canada, China, Germany, Latvia, Netherlands, Norway, and Sweden. There are PSED initiatives underway in Denmark, Finland, Egypt, Estonia, France, Italy, Latvia, Poland, Russia, Slovakia, Slovenia, Spain, Switzerland and the UK. The workshop will begin with a brief overview of the PSED protocol and results of the 2013 UK pretest. Those from other countries will then provide an update on the status of their projects. The session will conclude with an open discussion of the PSED cross-national initiative and the potential for future collaboration.

## **SMEs' Employment 'Creation and Reservoir' Effect Through Credit Guarantee**

**Jan. 14, 2014**

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Keyword: entrepreneur, credit guarantee, employment creation, employment reservoir, firm growth

<Track>

Policy (First Choice)

Firm Performance (Second Choice)

<Abstract>

### 1. Aim of the Paper

Many countries including advanced economies have in place various finance policy systems, such as notably the credit guarantee system in order to assist small and medium enterprises that lack access to major financial institutions. In other words, most countries facilitate an environment for promoting the start-up of small and medium enterprises and also indirectly provide support in the form of increased funding for small and medium enterprises. The ultimate goal of these policies is to create new employment through start-up enterprises, while also expanding employment at existing firms.

This paper separately studies the effect of employment creation and retention through policies that are in place to support small and medium enterprises, specifically focusing on the credit guarantee system in Korea.

### 2. Background Literature

The competitive studies on credit guarantee by domestic and foreign academic circles also mainly focused on the conditions for the support and financial performance and rarely on the system related with creating or retaining employment or support standard and performance. Studies on employment creation has incidentally been performed in the process of analyzing the financial performance or through input output analysis table or questionnaire survey.

According to the recent study of Rhee, et al (2010), there was a study on the effect of employment creation as a part of microscopic performance analysis, and a study by Kodit (2010) did focus on analyzing employment creating effect, however, was an analysis that depended on the questionnaire survey with limitations for the reliability of employment data. The study by Kang and Song (2012) analyzed the correlation between policy finance and employment and it stated that the policy finance has positive effect on the employment growth rate of small and medium enterprises, but the effect decreased when the amount of policy finance increased.

The previous literature concentrated on employment creation and did not consider the analysis on

retaining employment. The reason there have not been many studies on the credit guarantee, employment creating and retaining effects, and related performances is primarily the difficulty in securing employment related data.

### 3. Methodology

#### 1) Analysis Data

The analysis data used in this study combined the corporate computer data provided by Korea Credit Guarantee Fund (hereinafter, referred to as 'Kodit'), KED (Korea Enterprise Data (hereinafter, referred to as 'KED')) and Korea Employment insurance Service(KEIS)<sup>1</sup>.

It was necessary to unify the time frame of Kodit, KED, and KEIS, and the range of analysis target was set to 2004 ~ 2012, which is the common time frame for the data provided by all three institutions, and the panel data from 2004~2012 for analysis has been constructed. The sample size is 392,380 firms which account for 10% of total number of firms in Korea.

#### 2) Analysis Model

The model considered in this study is the employment creating effect model and employment retaining effect (reservoir effect) model. For the employment creating effect model, the employment creating effect of the guarantee can be analyzed with pooled models and panel analysis model (fixed effects and stochastic effects), and generally the regression model as in (1) can be used.

$$y = \beta_0 + X' \beta_1 + \epsilon \quad (1)$$

Where  $y$  is number of full-time workers in the company,  $X'$ : explanatory variable vector (guarantee determination, sales, business category, etc.).

The model for employment retaining effect (reservoir effect) can be expressed in equation (2).

$$y = \beta_0 + dx_i b_i + X' \beta_1 + \epsilon \quad (2)$$

The variables are defined as follows:  $y$ : number of full-time workers in the company,  $dx_i$ : dummy to denote the positive or negative in the increment of  $x_i$ ; guarantee amount,  $X'$ : explanatory variable

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<sup>1</sup> The employment insurance data is privately kept and managed by the Korea Employment Information Service, which is under the control of the Ministry of Employment and Labor in Korea, and hence not open to the public. Our research group was able to access these data through cooperation with KRIVET(Korea Research Institute for Vocational Education and Training) established by the Ministry of Employment and Labor.

vector (sales, business category, etc.).

#### 4. Results and Implications

The credit guarantee system that facilitates access to financial institutions for small and medium enterprises appeared to have the effect of increasing employment by 1.6~2.0% after 1 year and 3.0~3.3% after 2 years. On the other hand, the guarantee requiring the investment before new employment is created was defined and analyzed as the reservoir effect (employment retaining effect) considering that the new employment would be generated when the guarantee needs to be in a certain amount even when there is guarantee. Accordingly, it was analyzed that the guarantee strongly shows the effect of creating new employment from the moment it exceeds 4 million Korean Won. However, it was estimated that it would not take a long time for the transition to take place from reservoir effect to employment creation, because, after receiving the guarantee, the effect of creating new employment appears after 1 year, while the reservoir effect of employment occurs within 1 year.

In conclusion, the credit guarantee system was analyzed to have immediate effect on creating and retaining employment, which indicate clear finance policy implication for effective use of such systems to encourage employment creation and retention.

## **The Capacity of NGOs to Become Sustainable by Creating Social Enterprises**

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Keywords: Social enterprise, Non-Governmental Organisations (NGOs), Social Entrepreneurship, Sustainable, Funding

## **Track Title**

Sustainability

## **Paper Title**

The Capacity of NGOs to Become Sustainable by Creating Social Enterprises

## **Aim of the Paper**

The purpose of this research, is to investigate the current capacities of NGOs in developing countries, to see if they may become sustainable by using the theory of change approach to adopt the social enterprise business model.

## **Background Literature**

The increasing number of Non-Governmental Organisations (NGOs) that have been developed over the years as well as worsening economic conditions globally, have contributed to the reduction in the amount of funding available for NGOs to serve their communities, execute projects and remain sustainable. Furthermore, NGOs in developing countries may not be privy to state funding as their counterparts in developed economies. NGOs play a significant role in society, as they fill a need that cannot be adequately filled by the government or the private sector. This is acknowledged by society and the government (UK) has encouraged NGOs to engage in enterprising activities to generate own revenue. While many NGOs improve their fundraising efforts to attract additional philanthropic donations, many are still not engaged any in form of enterprising activities and lack innovative and business skills that are required to be a sustainable enterprise.

## **Methodology**

The research examines the organisational structures and human resource capacity of NGOs by comparative analysis against that of Social Enterprises. It then applies the theory of change framework to determine if NGOs have the capacity to develop Social Enterprises in order to generate their own revenues and profits to become sustainable. The study was conducted using a comparative analysis of the structures of NGOs within the developing country of Jamaica versus the structures of NGOs that are now operating as Social Enterprises in the UK. While the study will make reference to several organisations, focus will be placed on the case studies of Young Women/Men of Purpose (YWOP/YMOP), an NGO operating in Jamaica and the HCT Group, a charity turned Social Enterprise operating in the UK.

## **Results and Implications**

“Social entrepreneurship is no longer a marginal activity pigeon-holed under the headings of ‘not-for-profit’ or ‘charity governance’, but rather a driver of significant social change that is developing rapidly into an autonomous field of research and practice” (Nicholls, 2006 p. 99). Hence, this research seeks to contribute to building this field by adding to the current debates as to whether or not NGOs should remain in the traditional non-profit model and focus solely on their social mission, or engage in entrepreneurial activities to ensure their sustainability. The research revealed the differences between the organisational structures and funding models of NGOs and Social Enterprises and contributes to the developing field of social entrepreneurship by bridging the gap between both concepts through process innovation.

The research concludes by answering the research question based on the finding and discussions of the study. “Do NGOs have the capacity to create social enterprises to become sustainable by applying the theory of change?”

The research question was validated based on the theory of change framework developed, which outlined the steps to be taken, using the backward mapping process, in order for an organisation to accomplish an initiative and fulfil a long-term goal. The researcher being aware of the limitations of the research, proposes follow-up research where the framework can be applied, monitored and tested using a live project.

The analysis reveals that the main differences between the structures of an NGO and a Social Enterprise lies heavily within the human resource capacities and the organisational structures of both. The human resource capacity of an organisation strongly influences the way in which the organisation operates, based on difference in expertise, thinking capacities and the strategies used by the individuals and the organisation. It can therefore be concluded that once the individuals are trained to develop the requisite skills or once new individuals, with the requisite skills are recruited, the organisation is closer to achieving an outcome on the theory of change framework.

The developing social entrepreneurship literature is lacking the linkage and directions of how the existing non-profit organisations, who are already fulfilling a social mission can develop and incorporate enterprising techniques, through enterprising individuals to complete the process of developing sustainable social

enterprises. If an NGO is will to undergo the necessary organisational changes it is ahead of a start-up social enterprise that is looking to developing an enterprising entity with a social mission. Future research should fill this gap in an effort to reduce the increasing number of NGOs that are being forced to close operations or discontinue projects because of lack of funding, as they play an integral role in society, fulfilling a need that cannot be filled by the government and the private sector and especially more so in developing economies.

The research concludes with a discussion of the implications of the research findings and recommendations are proposed to non-profit and social entrepreneurship scholars.

Research will contribute to the growing literature about Social Enterprises and how NGOs may through the theory of change, undergo organisational restructuring to adopt this new business model and become sustainable. Additionally, this research may serve a preliminary data for future research on how NGOs will be able to contribute to economic development if they use the model developed to generate their own revenue.

*“Neither the state nor the market alone could catalyse the necessary innovations and reforms of society, but rather that the source would be a ‘third alternative’, that could combine the efficiency of the entrepreneurial market place with the welfare orientation of the state”. Etzimi (1973)*

# **Entrepreneurial Orientation, Market Orientation and International Performance: Assessing the Moderating Role of Domestic Environment**

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**Key Words:** Entrepreneurial Orientation, Market Orientation, International Performance, SMEs

**Track Title.** Internationalisation

**Paper Title.** Entrepreneurial Orientation, Market Orientation and International Performance: Assessing the Moderating Role of Domestic Environment

**Aim of the Paper.** The main aim of this paper is to simultaneously investigate the role of entrepreneurial orientation (EO), market orientation (MO) and environmental conditions in assessing the international performance of SMEs. Moreover, the moderating role of domestic environment is examined, with the objective of gaining a greater understanding of whether certain environmental conditions may increase the significance of the different strategic orientations. Building upon the extant literature, we develop a comprehensive model aimed at testing the following hypotheses:

H1: EO is positively related to international performance.

H2: MO is positively related to international performance.

H3: Domestic environment hostility and dynamism are positively related to international performance.

H4: Domestic environment hostility and dynamism play a moderating role on the relationship between EO and international performance.

H5: Domestic environment hostility and dynamism play a moderating role on the relationship between MO and international performance.

**Background Literature.** The analysis of the relationship between strategic orientations and international performance has emerged as a key issue within management studies over the past years. More specifically, significant research attention has been devoted to investigate the effects of EO on the outcomes achieved on international markets (e.g. Jantunen et al., 2005; Mostafa et al., 2006; Ripollés-Melià et al., 2007), since internationalization itself can be considered as an entrepreneurial behavior (Jones and Coviello, 2005). A growing number of contributions parallel focused on the relationship existing between MO and international performance, that has been found to be positively influenced by market-oriented behaviors (e.g. Cadogan et al., 2002; Rose and Shoham, 2002; Armario et al., 2008). Despite the great amount of studies investigating the influence of EO and MO on the performance realized on the international scene, research on their combined effects includes relatively few contributions (e.g. Knight, 2001; Frishammar and Andersson, 2009), yet the way they complement one another to foster SMEs' capability to face internationalization challenges has become of central interest to scholars and business practitioners. Similarly, despite the growing attention towards environmental factors as determinants of superior international performance, limited research efforts have been made to integrate such factors in order to better understand how they affect the activities carried out by SMEs on the global arena. Indeed, this lack has been only partially addressed by empirical studies aimed to explore the moderating effect of environment on the relationship between entrepreneurship and performance of firms engaged in international activities (Zahra and Garvis, 2000; Dimitratos et al., 2004). Therefore, the main contribution of this study to the extant literature is the analysis of the interrelationships existing between different firm-level dimensions and environment-level characteristics in influencing SMEs international performance.

**Methodology.** Given the research purpose, a survey was regarded as the most appropriate approach. The target population was identified in SMEs (turnover <50 mln €; employees <250) operating in the "Made in Italy" industries, that is the Italian productions best known in the world (fashion, furniture, food and machines). Like numerous other researchers, we chose to rely on single key informants in our data collection. In order to maximize the data accuracy and reliability, we followed Huber and Power's (1985) guidelines. The targeted respondent was the entrepreneur. The final sample is made up of 189 firms. A structured on-line questionnaire was used to get information about: international performance, that is the dependent variable of our model; EO, MO, and environmental conditions, that are the independent variables of the model; other descriptive features of the firms, representing the control variables. Seven-point Likert scales were mainly used to minimize informants' response time and effort (Knight and Cavusgil, 2004). EO is measured by the nine items scale developed by Covin and Slevin (1989). MO is assessed through the ten items "MORTN scale" developed by Deshpandé and Farley (1998). Environmental conditions are assessed through the eleven items scale developed by Green et al. (2008). International performance is measured through the six items scale proposed by Nummela et al. (2004). As further control variables we considered: firms dimension; firms experience; and the kind of internationalisation strategy (export vs direct investments). Our hypotheses were tested using a hierarchical linear regression analysis.

**Results and Implications.** Our results show that a positive and significant association exists between: EO and international performance ( $p < 0.05$ ); MO and international performance ( $p < 0.001$ ); environmental hostility and dynamism and international performance ( $p < 0.05$ ). Therefore, we found support for H<sub>1</sub>, H<sub>2</sub>, and H<sub>3</sub>. Furthermore, a moderating influence of environmental characteristics on the relationship between EO, MO and international performance emerge in our sample ( $p < 0.05$ ), thus supporting also H<sub>4</sub> and H<sub>5</sub>. It is worth to note that, while the moderating influence of environmental characteristics on the relationship between EO and international performance is positive, the moderating influence of environmental characteristics on the relationship between MO and international performance is negative. It means that the more the domestic environment is turbulent and hostile, the more firm's EO is likely to determine success on international markets. On the other hand, the more the domestic environment is turbulent and hostile, the less firm's MO is likely to determine success on international markets. Based on these results, domestic environment can be viewed as a contextual variable really critical in understanding the role of strategic and firm-level dimensions. In fact, while the hostility of the domestic environment seems to act as a kind of "training" that fosters entrepreneurial behaviors that are effective in the international arena, it does not play the same role on marketing activities. Firms that operate in hostile and dynamic environments are encouraged to develop entrepreneurial behaviors that lead them to success also on the international markets. However, the difficulties of the competitive environment that firms face locally push them to focus too closely on the specific needs of the local market and on the local competitors, and this does not help when they face the international scene.

# Financing High Growth Women-Owned Enterprises: Evidence from the United States

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Key Words: women-owned businesses, financing, high growth entrepreneurship

Track Title: Gender

Paper Title: Financing High Growth Women-Owned Enterprises: Evidence from the United States

## Aim of the Paper:

Our paper will provide an overview on issues relating to access to capital for women-owned firms with a particular focus on growth-oriented firms. To date, comparatively few studies have examined the financing issues and strategies of growth-oriented women-owned firms due to a lack of data. More recently, however, the Kauffman Firm Survey (KFS) has furnished a large data set on more than 4,000 U.S. firms launched in 2004. Data on these firms are collected annually to create a panel data set covering the years 2004-2011. This dataset will allow us to examine the financing behavior and patterns of growth-oriented women-owned firms over an eight year timeframe. The KFS provides data on both owner and firm characteristics in addition to motivations, attitudes, perceived barriers, and sources of financing. This level of detail will allow us to overcome some of the data limitations of earlier studies that have attempted to explore the theme of access to capital in women-owned firms.

## Background Literature:

Prior research has fairly consistently indicated that women-owned small businesses underperform businesses owned by men in measures of size and growth. Coleman (1999) used data on U.S. firms from the 1993 National Survey of Small Business Finances to find that women-owned firms were smaller than men-owned firms, were more likely to be organized as sole proprietorships, and were more likely to be in service lines of business. Bitler et al. (2001) had similar findings using data from the 1998 Survey of Small Business Finances. Coleman (2007) also used data from the 1998 SSBF to find that financial capital was a significant predictor of growth in women-owned firms.

Using data from the Census Bureau's Characteristics of Business Owners Survey, Fairlie and Robb (2009) found that women-owned firms were substantially smaller and less likely to hire employees than those owned by men. Coleman and Robb (2009) had similar findings using four years of data from the Kauffman Firm Survey. Conversely, a relatively small percentage of women-owned firms are in rapid growth or high technology lines of business (Menzies et al., 2004; Morris et al., 2006). More recent studies suggest that women entrepreneurs are making gains in fields previously dominated by men (*National Women's Business Council 2012 Annual Report*), but there is still a significant gap in fields such as information technology, manufacturing, construction, and transportation (Hackler et al., 2008; *Developments in Women-owned Business, 1997-2007*, 2011). These gaps are important, because these industries provide fertile ground for both revenue generation and employment opportunities.

Previous studies have noted gender difference in access to capital, and reveal that women start their businesses with smaller amounts of capital and are less likely to raise capital from external sources (Coleman, 2000; Coleman & Robb, 2009; Constantinidis et al., 2006; Hadary, 2010; Orser et al., 2006; Fairlie & Robb, 2009; Robb & Wolken, 2002). In particular, women employ a much lower percentage of external equity capital to finance their firms (Coleman & Robb, 2009; *Ibid.*, 2012). Some researchers attribute this discrepancy to lower levels of demand prompted by women entrepreneurs' preference for less, or at least slower, rates of growth (Cliff, 1998; Morris et al., 2006; Orser & Hogarth-Scott, 2002). Others, however, find evidence of supply problems pointing out that networks providing access to external equity tend to be closely knit and male dominated (Brush et al., 2004). Taken together, these results from prior research clearly indicate gender differences in financial strategies and structures as well as a lower predilection for growth among women entrepreneurs. In light of that, one of our tasks in this

study will be to identify the strategies and structures, or “best practices” that do, in fact, contribute to and enhance growth in entrepreneurial firms.

## Methodology

The sample for this study is the pooled cross-sectional time series of 4,928 businesses in the Kauffman Firm Survey, a nationally representative survey of the cohort of businesses that started operations in 2004, followed over the 2004 to 2011 period. Detailed information on the sample and its construction is available at <http://sites.kauffman.org/kfs/>. We exploit rich information regarding the owner and firm characteristics, as well as detailed data on financing, motivation, and performance. The baseline survey of new businesses has been followed up with seven subsequent annual surveys to date in an ongoing effort to track new business trajectories (Ballou, Barton, Desroches, Potter, Reedy, Robb, Shane and Zhao 2008; Reedy and Robb 2009). Importantly, the most recent surveys spanned the financial shocks of 2008-2010, which began in the fourth year of operations for the firms in this survey. Thus, our analysis will allow us examine access to capital, financial strategies, and structures in women-owned firms in a relatively benign economy as well as in a much more challenging economy.

After providing descriptive statistics that outline the comparisons noted above, we will also use multivariate regressions to examine the determinants of credit market experiences (loan application, loan application outcome), borrowing patterns (total financial capital, financial leverage, external equity financing). For example, the model for total financial capital can be expressed as a function of the following characteristics:

$$\text{Total Fin. Capital}(t)_j = \alpha + \beta_1 \text{Gender}_j + \beta_2 \text{Firm}_j + \beta_3 \text{Owner}_j + \text{CredRisk}(t)_j + E_j$$

where:

*Firm* is the vector of firm characteristics such as baseline employment, legal form, industry, product/service offerings;

*Owner* is the vector of the entrepreneur’s personal characteristics such as age, education, industry experience, and race;

*Gender* is a dummy variable equal to 1 if the primary owner is female; and

*CreditRisk* is a measure of the firm’s creditworthiness, which also provides an indication of the firm’s ability to raise external capital.

Our analyses include multivariate regressions pooled with a gender dummy as well as by gender separately to compare coefficients, which allow us to delve more deeply into the drivers of growth and how they differ by gender.

## Results and Implications:

We have some initial findings, but are currently finalizing our models and output. In this study, we will explore the topic of access to capital in growth-oriented women-owned firms by addressing the following key questions:

- 1) What types of financial capital, both internal and external, are employed by growth-oriented women-owned firms? What do these findings tell us about the financial structures and strategies used by women-owned firms to achieve growth?
- 2) How do the sources of capital used by growth-oriented women-owned firms differ from those of smaller, lifestyle women-owned firms?
- 3) How do the sources of capital used by growth-oriented women-owned firms differ from those of growth-oriented men-owned firms?
- 4) What do these comparisons suggest about opportunities and barriers to access to capital for firm formation and growth in women-owned firms?
- 5) How do the expectations and motivations regarding growth differ between women and men entrepreneurs?
- 6) What do these comparisons suggest about both the demand and the supply of growth capital, particularly external equity financing, for women-owned firms?
- 7) Collectively, what do these comparisons tell us about the attitudes and behaviors of entrepreneurs who have succeeded in growing their firms?
- 8) What are the public policy implications of our findings and results?

Growth-oriented firms generate jobs and economic impact, and female entrepreneurs are markedly unrepresented in this subset of firms. Prior research suggests that access to financial capital, a key resource input for growth-oriented firms, may be more of a challenge for women-owned firms than for men. Our study analyzes the differences in access to capital, financial strategies, and structures, by gender, for growth-oriented firms in order to identify potential opportunities, “best practices”, and barriers. This study will provide valuable contributions to our understanding of access to capital for growth-oriented women-owned firms by: using data from the Kauffman Firm Survey, a large longitudinal database of new U.S. firms launched in 2004 and tracked for an eight-year period, a timeframe that encompasses both the Financial Crisis of and the “Great Recession”; describing the financial characteristics, strategies, and structures of growth-oriented women-owned firms; identifying financing “best practices” that contribute to the growth of women-owned firms; and formulating policy recommendations that will allow us to translate the findings of this research into action.

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**Track Title: Education**

**Impact of the Implementation of an Entrepreneurship Education Programme on behaviours, intention and attitudes of Mozambique Youth**

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Key Words: Entrepreneurship Education, Impact study, Developing Countries, Youth entrepreneurship

## **Aim of the Paper**

This paper aims to assess the impact of an Entrepreneurship Education Programme (ECP) at secondary schools in Mozambique in terms of the acquisition of entrepreneurial competences by students enrolled in the final years. More specifically, the study strives to evaluate the impacts of ECP in the development of entrepreneurial attitudes, intention, and behaviours; and to assess the influence of teaching factors (type of schools) and personal factors (gender and age) that also shape the ECP impact. This analysis will be carried out by comparing students attending the ECP with students that are not attending this programme.

## **Background Literature**

Several authors (Birdthistle, Hynes, & Fleming, 2007; Cheung & Au, 2010; Fayolle, Gailly, & Lassas-Clerc, 2006) argue that entrepreneurship education plays a very important role in developing the attitudes, skills and knowledge that enable young people to generate their own income, to create jobs for others, as well as contributing to national economic growth. From the outset, evaluating the impact of an entrepreneurship curriculum raises several important and interrelated aspects as the aims and potential impact of entrepreneurship education, the factors that may shape the achievement of those aims and their evaluation. Following an extensive literature review on the impact of entrepreneurship education, O'Connor (2012) concludes that the relationship with entrepreneurship education is not necessarily clear. Some studies have revealed coupled or multiple links between entrepreneurship education and individual personality characteristics while others report links to personal cognitive infrastructures. Entrepreneurial cognition also seems to be supported by factors other than education, such as the social context and cultural values. In this sense, Wyrwich (2012) is concerned about the interplay between institutions and personal determinants of entrepreneurship. According to O'Connor (2012), some researchers suggest that general entrepreneurship is failing to provide continued economic growth in developed communities while others more specifically claim that the impact of entrepreneurship education is either unclear or does little or nothing to enhance entrepreneurship skills and levels of motivation. Concerning the relationship between entrepreneurship and development, Naudé (2011:33) concludes that *"even if entrepreneurship, as necessary for growth, is not a binding constraint on development in the poorest countries and development economists may have underestimated the potential worth of studying entrepreneurship"*.

In accordance with the previous theoretical contextualization, studying the impact of ECP is grounded on the following assumptions: entrepreneurship education potentially generates direct and indirect outcomes, there are several factors underpinning the effectiveness (impact) of entrepreneurship education, ranging from teaching related facets to individual and contextual factors. This paper is concerned with comparing students subject to entrepreneurship education with students without entrepreneurship education in a developing country.

## **Methodology**

This paper studies the impact of Entrepreneurship Education Programme (ECP) implemented by the Ministry of Education and Culture of Mozambique. Its implementation was based on the two-year pilot experience carried out in the Northern region of Cabo Delgado, which began in 2004 and initially involving four schools (UNIDO, 2012). Through to December 2012, ECP took place in 331 schools with its implementation still under expansion. This was the first large scale impact study of the ECP and, thus, it has cross-sectional nature.

This paper compares two groups of students: a group of teenagers' students who are currently attending ECP with a group of students who are not attending it.

As a sampling selection strategy, to identify the schools/communities to be included in the study, we developed a stratified sample taking into consideration variations among the provinces. Sampling strata were constituted based on regions (North, Centre, and South), on in school ECP implementation (yes/no), on the urban/rural setting of the school/community (urban/rural), and on the respective school system type (GSE – General Secondary Education/ TPVE - Technical, Professional or Vocational Education).

The schools included in each stratum were chosen via random number generation applied to a list containing all schools. A total of 32 schools were thereby selected. The eleven Mozambican provinces are all represented in the sample.

Two questionnaires were administered to ECP students (n=4032) and non-ECP students (n=664). Quantitative data was analysed with descriptive statistics, ANOVA, independent samples t-tests, Pearson Qui-square.

## Results and Implications

Students attending ECP distinguish themselves positively from students who do not attend such programme regarding Subjective norms, their Propensity to risk and Tolerance to ambiguity and, to a lesser extent, Social acceptance. On the contrary, they differ negatively in terms of levels of Self-confidence. This latter aspect may well derive from the greater awareness of ECP students about the difficulties and risks inherent to setting up new businesses and the skills required to deal with the circumstances arising.

Furthermore, the findings report how students who attend ECP express more interest in becoming entrepreneurs in comparison with those not attending the programme.

We may reasonably expect that ECPs, over the medium to long-term, contribute positively and significantly to the sustainable growth of small businesses and improve overall productivity through better business related technical training.

Regarding the contextual factors, significant differences in the results returned from general education schools and the Professional/Vocational Education schools. In addition, the results indicate that some education related factors also affect the ECP impact.

As regards personal factors, the results display differences in terms of both gender and age.

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## **The Cost of Growth: Small Firms and the Pricing of Bank Loans**

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Keywords: Growth, interest rates, small firms, relationship banking, collateral

**Track Title:**

Policy

**Paper Title:**

The cost of growth: Small firms and the pricing of bank loans

**Aim of the paper:**

Financial constraints to firm growth have long been recognised and continue to be the focus of academic and policy attention (cf. Westhead and Storey, 1997; Beck and Demircuc-Kunt, 2006). Moreover, empirical studies invariably show banks to be the principal source of external financing to the small firm sector. In this context, the growth of the small firm may be constrained if the firm is unable to gain access to the necessary finance, or if they are required to pay higher costs of financing. By and large, the academic literature has been concerned with the former issue: that is, with access to bank finance amongst small firms. Comparatively little attention has been devoted to the issue of cost of finance. To this end, the current paper investigates the extent to which growing firms are required to pay more to access bank finance than their non-growing peers. In exploring this issue, we are able to investigate the effects of past growth, future growth intentions and specific growth strategies on loan pricing.

**Background literature:**

The small firm sector is often viewed as an important driver of employment and innovation. This, of course, is true only to the extent that individual small firms survive, thrive and grow. Although the proportion of fast or medium growing small firms in every economy is small, they contribute the most to net job creation (OECD Entrepreneurship at a Glance, 2013). This disproportionate contribution draws academics to investigate the factors which stimulate or impede small firms' growth, and policy makers to develop measures which may encourage the former or alleviate the latter. Perceived financial obstacles are systematically reported as a robust constraint to growth (Beck and Demircuc-Kunt, 2006). However, the constraint is typically represented as one of access and not of price.

To grow, firms are likely to bear additional costs attendant upon both the causes and the consequences of growth. On the side of causes: a growth strategy may entail costs associated with, for example, research and development, market penetration, or business process reengineering. On the consequences side: growth is likely to impose pressure on, among other things, staffing, inventories and premises. For all firms, these activities may be limited when financial requirements are not met; with slower growth the result. The situation is likely to be particularly acute for small firms. The limited extent of internal capital in small firms places a particular emphasis on external sources of finance, in general, on banks in particular.

Given traditional bank screening devices and the fixed cost of screening, smaller firms are inevitably disadvantaged in obtaining loans at a desirable price. From the banks' perspective, small firms are marked by high levels of information asymmetry and high failure rates. Simply put, small firms are riskier. Moreover, their risk is exacerbated when they pursue venturesome activities with uncertain outcomes (Nitani & Riding, 2013). Banks perceive fast growing small firms to be riskier than slow and non-growing firms, since it is difficult and costly for banks to monitor firms' highly dynamics situations (Binks and Ennew, 1996). Small firms, to mitigate the problem of information opacity, collateralize their loan to show they are confident in their success (Parker, 2002). However, Binks and Ennew (1996) explain that growing firms, from this point of view, are disadvantaged since the faster a company grows, the lower the banks' evaluation of the collateral will be, compared to the firm's cost of obtaining those assets. On the other hand, fast growing firms may require further capital that can be translated into future loans and income for the banks. Binks and Ennew (1996) argue that relationship lending works in favor of growing firms more than their steady counterparts. Therefore,

it is worthwhile to understand whether firms pay higher prices to obtain loan if they pursue growth, while accounting for the role of collateral and relationship banking. If so, what types of growth strategy do disadvantage them more? In doing so, we are able to control for other factors which may influence the riskiness of the venture (e.g. the entrepreneur's intellectual capital, riskiness of the industry, categories of size, and so on).

Granted scant evidence of broad-based credit rationing (Freel et al., 2010), this study will focus on the varying cost of bank loans to small firms. In other words, to the extent that past studies have observed most small firms successfully obtaining bank finance, additional studies of the access to finance offer the prospect of limited new insight. However, it is clear that not all firms pay the same price for the loans they receive. Understanding whether, and on what bases, price discrimination exists in the market for business loans adds to the existing literature on small firm finance.

### **Methodology:**

Data for this study is drawn from United Kingdom Survey of Small and Medium-Sized Enterprises' Finance (2007), a sample of businesses with less than 250 employees. For the purpose of this study, we focus on the questions relating to the characteristics of the firms, the background of entrepreneurs, firms' banking relationships, and information of firms' most recent loans granted. We perform several statistical models of loan pricing using STATA. All models follow a two-step Heckman procedure that controls for the selection effect of accessing a bank loan.

### **Results and implications:**

The findings of this study will be of interest to academics, policy makers, and entrepreneurs. Given controls for relational banking, collateral, firm and entrepreneur characteristics, observing growing firms paying higher costs of capital may suggest that these firms are compelled to accept loan terms that discriminate against them relative to lower growing firms. If entrepreneurs, assuming the costs of growth, also face higher borrowing costs, it might discourage them from pursuing a growth strategy or require them to consider a sub-optimal financial structure. In light of calls to focus entrepreneurship policy on high growth firms (cf. Shane, 2010 and Mason and Brown, 2013), evidence of price discrimination in loan markets may help inform policy deliberations.

## **Managing Sustainable Development Performance in SMEs: A Structured Approach**

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### **Aim of the Paper**

In Business studies, sustainable development (SD) has become a central theme for researchers. Topics covered are wide ranging, and inventorying all these topics are beyond the scope of this paper. Nevertheless, we can mention that SD reporting by SMEs remains an issue.

The lack of SD reporting does not mean that SMEs do not engage in corporate social responsibility practices (Fassin, 2008). Their SD implementation strategies are diverse and less formalized compared to those of large enterprises (Russo and Tencati, 2009). When the entrepreneur (owner-manager) adheres to the SD values, a SME is likely be driven by a SD culture combining economic, social and environmental performance dimensions (Paradas, 2006). As a result the SD performance will become an integral part of the performance management system. However, few studies have been devoted to this topic.

Regarding to SD performance management in small and medium-sized enterprises (SMEs), the literature is very fragmented. Published studies relate to very specific aspects such as the development of a scorecard (Meysonnier and Rasolofo-Ditsler , 2011; Woerd and Brink ,2004; Figge and al.,2002), the use of the balanced scorecard (BSC) to translate the strategy into measures of performance (Gumbus and Lussier, 2006), the corporate social responsibility (CSR) (Fassin,2008) and the financial performance of SMES (Pirnea, Olaru and Angheluta, 2012), balanced scorecard as tool for aligning the organizational vision and values (Crawford and Scaletta, 2005), etc.

Undoubtedly all these studies contribute to our knowledge of SD performance management in small and medium-sized enterprises (SMEs). However, this literature remains piecemeal and does not offer a broad understanding of how to systematically manage the performance of SD in SMEs and less yet how to incorporate this procedure into SMEs' organizational performance management.

This paper aims to contribute to fill this gap. More specifically, it aims to leverage research findings in order to define a framework for guiding the development of a scorecard devoted to the management of SD performance that is integrated into the SME's overall performance management system.

### **Background Literature**

The paper draws on a literature background to develop an approach to assist entrepreneurs in effectively managing the performance of their organizations' sustainable development initiatives.

The background literature is organized as follows. First we explain what it means to manage performance in general (Raymond et al., 2013; Marchand and Raymond, 2008) and sustainable performance in particular. This first section uncovers the dual process that actually underpins organizational performance management systems: strategy deployment on the one hand and capitalization of feedbacks and lessons learned on the other. Next, is discussed sustainable development in relation to SMEs? Conceptual and methodological issues regarding the measurement of SD performance are then discussed. This led the discussion to considering the most appropriate type of SD performance measures while taking into account the purpose they are supposed

to serve. The background literature concludes with a discussion on the balanced scorecard as a methodology to manage SD performance.

Leveraging this literature review, the paper relies on such concepts as SD issues, strategic intentions, key stakeholders and self-assessment methods as a key concept likely to offer a structured approach to designing, developing and implementing SD performance management in SMEs (Bergeron et al., 2010).

## Methodology

The paper is essentially a conceptual paper. However, given the goal of the paper is to propose a comprehensive procedure about how to design a balanced scorecard capable of translating SMEs SD initiatives into performance measures, it had to comply with the requirements of good frameworks suggested by the scientific community. Accordingly, we have adopted a Three-step methodology. First, we identify the phenomenon of interest: in this case: SD performance. Second we state the key premises underlying our approach. Third, we make high level connections among phenomena involved in performance management on the one hand and in SD management on the other as the two conceptual areas are blended.

## Results and implications

The results are twofold. First this paper circumscribes the fundamental concepts related to SD performance management including the management process itself as well as the corresponding balanced scorecard with regard to its use in SMEs. Second, the paper offers a framework aimed at helping researchers, managers, entrepreneurs and consultants integrate sustainable development principles into a SME's balance scorecard.

The paper have theoretical and practical implications. Theoretically, this paper blends many research strands to offer a big picture of what is known about performance management with regard to sustainable development .In practice, it offers practitioners a first guide to rely on when it comes to incorporate SD principles into their organizations' performance management tools. In so doing, the paper is expected to help owner-managers demonstrate the contribution and value-added of their SD initiatives to stakeholders in a meaningful and quantifiable way.

**Key words:** Performance management, Sustainability performance, Balance scorecard, SME.

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Track: Sustainability

Raymond, L., Marchand, M., St-Pierre, J., Cadieux, L., and Labelle, F., 2013. Dimensions of small business performance from the owner-manager's perspective: a re-conceptualization and empirical validation. *Entrepreneurship & Regional Development*, 25(5-6) pp.468-499.

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**Track EDUCATION**

**IPE-GES<sub>t</sub> Index of the Entrepreneurial Propensity of University Students**

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Key words: GES<sub>t</sub>-Study; IPE-GES<sub>t</sub> Index; Entrepreneurial Propensity; University Students

**Aim of the Paper**

The improvement of competitiveness in last decades has become one of the main objectives of national economic policy and this goal is directly related to entrepreneurship and launching of innovations to the market. Within this framework, the analysis of entrepreneurship should include especially university students and graduates, since this group recorded an above-average skill to create new technology-based companies and to introduce a higher rate of innovation and fast growth (Braukmann 2003; Koch 2002; Uebelacker 2005; Ruda et al., 2012). However, these ventures with high growth potential (Gazelles) represent a very small portion of all new enterprises. Because of that, increasing the rate of business start-ups is not enough to improve the competitiveness and macroeconomic growth (Reinemann 2007; Danko et al., 2013). Thus, the study analyzes student start-up characteristics like motives, hurdles, and preferences within the pre-start-up process, in order to identify, how to support students and graduates with innovative business ideas adequately.

This paper is a product of a new phase of the research project on entrepreneurial propensity of university students, called GES<sub>t</sub>-Study. Within this program, since 2007 and based on the first experience in Germany empirical studies have been carried out in over 20 different countries, especially in Europe and Latin America. This international expansion has prompted the building of an indicator of entrepreneurial propensity (IPE-GES<sub>t</sub>) from the justification for the use of this type of variable, derived from the literature on entrepreneurship.

**Background Literature**

A series of cultural, social, and economic factors influence the different stages of the entrepreneurial process (Verheul et al., 2002; Bosma et al., 2008) and, at the same time, systemic (Kantis et al., 2004; Acs et al., 2012). At the beginning of the entrepreneurial process, the existence of entrepreneurial human capital is a key-factor; that means the critical mass of individuals with the vocation, motivation, and capacities to start a new firm and achieve a significant growth path is needed (Shapiro & Sokol, 1982; Hessels et al., 2008). Different studies have provided evidence on how individuals' motivation and qualities affect their intention to become entrepreneurs (Carsrud & Brännback, 2011).

In this sense, it was followed the perspective that the entrepreneurial intentions are derived from business ideas (Hayton & Cholakova, 2012), the time invested for its development, the diversity of sources of information (Witt, 2004), the perception of access to resources (Cooper et al., 1994; Kantis et al., 2004), the availability of support from University (Peterman & Kennedy, 2003), the probability of business start-up (Krueger et al., 2000), the proportion of the entrepreneurial group on the total sample and the propensity to business venturing. The IPE-GEST allows comparisons at the level of different countries, to the interior of each country according to region, university, studies, gender, age, etc.

### Methodology

This article presents the theoretical derivation of the IPE-GEST and its empirical contrast with the results of previous empirical work carried out within the theoretical framework on student inclination to business start-up called GEST-Study (Ruda et al., 2008). As first proxy of the IPE-GEST, it is worked on a sample of around 1.300 students surveyed in Germany, corresponding to four universities in the period between 2008 and 2011. Surveys focused especially on business, engineering and computer science students, because these specializations recorded a higher propensity for entrepreneurship (Josten et al., 2008; Görisch, 2002; Schwarz & Grieshuber, 2001).

Thus was an observational research, correlational type, which analyzed, if there is association between the presence of entrepreneurial vocation and the different levels of the variables considered in the construction of the IPE-GEST indicator. The weights of each variable (k) were determined using a valuation table of each variable, beginning with the same value to each weighting factor called k.

### Results and Implications

The construction of the IPE-Gest is based on information collected from the written survey designed by the GEST-Study (Ruda et al., 2008), consisting of 24 basic questions that combine assessment of climate for business launch, motivational aspects, of the importance of support from the university, a group of difficulties or barriers to entrepreneurship, personal aversion to risk. At the same time, the work of Kurczewska & Bialek (2012) that proposes the entrepreneurial intentions synthetic Variable to compare the results of empiric work at three different universities in Poland using the GEST-Study methodology is an antecedent of the IPE-GEST.

Following the own valuation of the respondents, students are classified into five categories according to the instance that is located in the path to the start-up: laymen, sensitized, interested, preparers, prepared and ready to launch the business (founder). The last three categories are considered components of the entrepreneurial group.

$$\text{IPE-GEST} = k_1.P + k_2.Id + k_3.T + k_4.F + k_5.In + k_6.Pe + k_7.U + k_8.Pr$$

where  $\sum k_i = 1$

IPE-GEST varies between {0, 1}

P: Probability of start-up with values between {0,1};

Id; Presence of business Idea with values between {0,1};

T: Devoted time to the development of the business idea with normalized values between {0,..., 1}

F: Sources of business information, 19 different sources with normalized values between {0,..., 1}

In: Intention of start-up a business with values between {0,1}

Pe: Perception of access to resources with values between {0,1}

U: Assessment of University support with values between {0,1}

Pr: Share of the entrepreneurial group into the whole sample with values between {0,1}

The first variable of IPE-GEST is the probability of the start-up of a business in the future. It adopts the assumption that the greater nears one the indicated probability the more entrepreneurial intention has the student. Given that the search and intentional creation of ideas to undertake is the core of entrepreneurial development, includes the variable existence of an idea of business by the respondent. The third variable time involves the notion that the more extensive is the time devoted to the development of the idea the higher will be the intentions of undertaking. Thus, in the survey the students were asked to indicate the period of time dedicated to developing their business idea.

The variable sources measures the number of sources of information used (more sources selected supposed higher level of entrepreneurial propensity). The variable Intention measures whether the respondent thinks about the possibility of establishing a business or not at the time of the survey. The variable Pe, perception of access to resources, measures the assessment made by students regarding the probability of access to resources to start-up (to higher rating larger entrepreneurial propensity). The assessment of support by the university gives the notion of a more entrepreneurial propensity (does not imply availability of support from the

university, simply rating). The variable Pr, proportion of the entrepreneurial group according to GEST, means that bigger share of this group implies more entrepreneurial propensity of the students.

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# **A Holistic, Dynamic Model of Entrepreneurial Strategy: Explaining Innovation from a Complexity Theory Perspective**

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## Key Words:

Complexity Theory  
Entrepreneurial Strategy  
Innovation  
Opportunity Recognition  
Opportunity Space

**Track:** Innovation

**Paper Title:** A Holistic, Dynamic Model of Entrepreneurial Strategy: Explaining Innovation from a Complexity Theory Perspective

**Objectives:**

This is a conceptual paper that creates a holistic, dynamic model of innovation. Innovation is conceptualized as the intended outcome of an entrepreneurial strategy which is defined as the persistent organizational effort to gain competitive advantage through the recognition of entrepreneurial opportunities and the exploitation of those opportunities through the process of innovation. The model applies concepts from Complexity Theory to several variables that have been shown to be associated with innovation in various studies in order to:

- Create a systems oriented model of innovation that generates its own evolution
- Describe the complex, multi-level interactions within entrepreneurial contexts that combine to produce innovation.
- Understand innovation as an emergent property of a complex system.
- Incorporate creativity into innovation models.
- Describe the innovation process as an agent-based process that requires iterative, trial and error learning under conditions of uncertainty.

**Background Literature:**

The model described in this paper is derived from and extends work from the corporate entrepreneurship and entrepreneurial strategy literature. Both of these closely related research streams provide correlational studies that associate several variables with the process of innovation. This paper surveys those studies to identify the most important variables associated with innovation to include in the model. One of the primary sources for this effort is the Ireland, Covin, and Kuratko (2009) model of entrepreneurial strategy which is the most comprehensive model of either corporate entrepreneurship or entrepreneurial strategy published to date. Selected variables are analyzed as a system using concepts from Complexity Theory to generate a model of entrepreneurial strategy. Full literature citations are provided in the paper.

**Methodology:**

Innovation is a complex phenomenon that cannot be completely understood from a single level of analysis. A review of the literature indicates that variables from four levels of analysis are at work influencing the emergence of innovation. These levels are: individual, small group, organizational, and environmental. A discussion of the levels and the variables included in each level follows:

- Individual: Individual behavior is a key element in understanding the innovation process. Individuals are the source of creative acts that are the seed corn for all innovation (although the creative act and innovation may be separated in space and time). Individuals are also the agents that recognize entrepreneurial opportunity and initiate innovation processes within entrepreneurial organizations. Individuals also work to develop innovation either alone or within the structure of a project team once an opportunity has been perceived. Specific individual characteristics associated with innovation include: entrepreneurial values and beliefs, tolerance for ambiguity, propensity for risk-taking, and intuitive thinking. The presence of these characteristics tends to predispose an individual to act creatively, to seek out entrepreneurial opportunities and to engage in innovation development.
- Small group: Individuals may be the agents that initiate innovation but in modern firms innovation development is most often carried out in project teams. Teams with the following characteristics tend to be more effective in developing innovations: diversity in terms of possessing the knowledge bases needed to apply to complex problems, open minded consideration of new ideas, free and open information exchange and the autonomy to make decisions regarding the path of innovation development.

- **Organization:** This level of analysis has received the most attention in the management literature. Variables that have been associated with innovation include: a decentralized, informal organizational structure (necessary to provide innovation agents the autonomy and resources necessary to develop innovation), an entrepreneurial organizational culture (necessary to motivate and direct innovation-related behavior in uncertain contexts), resource capabilities (innovation is resource consuming – the organization must have sufficient resources to devote to the process), reward systems for innovation and an entrepreneurial strategic vision promulgated by top level management (Ireland et al, 2009).
- **Environment:** The environment of innovation seeking organizations is comprised of all agents and organizations that influence the search for opportunity and innovation. Actions and decisions made by environmental agents generate a constant flow of information that becomes the raw material for the enactment of entrepreneurial opportunities. Moreover, the innovation development activities of entrepreneurial organizations add to the stock of both information and knowledge in the environment. The result is a persistent flow of information and new knowledge that is self-reinforcing as entrepreneurial organizations continuously seek advantage through innovation. Competitive contexts, however, differ in the number of entrepreneurial opportunities generated. Ireland et al point out that industries that are fragmented or emerging tend to generate a greater number of entrepreneurial opportunities than do mature, concentrated industries. Not surprisingly, so do industries characterized by a high rate of technological change.

Innovation in the model is conceptualized as the outcome of an entrepreneurial strategy which entails the enactment of an entrepreneurial opportunity and the subsequent effort to exploit the opportunity through innovation. An entrepreneurial strategy relies on the search activities and cognitions of organizational members attuned to the recognition of innovative opportunities. Entrepreneurial cognitions are promoted by an entrepreneurial strategic vision crafted by top level management and an entrepreneurial culture. An entrepreneurial strategy unfolds in three phases: (1) the active scanning of the environment for new information or knowledge that may constitute an entrepreneurial opportunity, (2) the recognition of an entrepreneurial opportunity and the initial investigation to determine the potential value of the idea, and, (3) the development of the opportunity through an iterative, trial and error learning process. The learning process draws on the knowledge and skills of organizational members involved in developing the innovation as well as their ability to access relevant knowledge from other organizational levels and the external environment.

The characteristic that differentiates the model developed in this paper is the application of Complexity Theory to describe a multi-level, dynamic innovation system. In order to capture the four levels of influence on innovation, the concept of an entrepreneurial opportunity space (Schindehutte and Morris, 2009) was adopted as an organizing framework. The opportunity space is analogous to phase space in Complexity Theory. It contains all of the elements of a dynamic system and defines the limits and attractors in which the system moves as the elements interact with each other. The entrepreneurial opportunity space (EOS) enfolds all of the elements from each of the four levels in the model into one dynamic system. The EOS constitutes an environment populated with diverse interactive agents and organizations that generate a large quantity of evolving information. This information becomes the potential ground for the discovery of entrepreneurial opportunity. Organizations that enact an entrepreneurial strategy are constantly searching the information stream for potential innovations and by so doing intensify the flow of information and the creation of knowledge. The EOS is a dynamic system that continuously generates new entrepreneurial opportunities.

The energy that drives the evolution of the EOS comes primarily from the creative acts and innovation development activities of individuals (and groups) enacting an entrepreneurial strategy. The track within opportunity space that any specific innovation follows is determined by the initial conditions of system variables at all four system levels. The knowledge, skills and attitudes of individuals within entrepreneurial organizations will determine if and how opportunity is perceived. The diversity and overall knowledge of innovation project team members will influence the direction of the trial and error learning process of innovation. The presence or absence of an entrepreneurial vision and organizational structures and culture supportive of innovation will determine the timing and direction of the innovation process. The level of resource support within the organization will determine if the innovation effort has sufficient money and manpower to complete innovation development. Finally, the amount and type of

information and knowledge stocks present in the environment will influence both the probability that entrepreneurial opportunities will be recognized and the effectiveness of the trial and error learning process of innovation.

**Implications:**

The primary value of this paper derives from the use of Complexity Theory and especially the concept of an entrepreneurial opportunity space to generate a model of innovation that illustrates the complex systemic interactions that produce innovation as well as the constant evolution of that system. Other models based on correlational studies cannot capture this complexity or dynamism. An advantage of conceptualizing innovation as an outcome of a complex system is that it highlights its emergent nature. Innovation is not just the product of brilliant individuals or entrepreneurial organizations although each plays a part. It is an emergent outcome of the interaction of many agents acting on several levels.

Conceptualizing innovation as an emergent phenomenon of a complex system highlights the limitations of strategic managers who intend to initiate an entrepreneurial strategy. The development of any specific innovation cannot be predicted or controlled by organizational managers. Entrepreneurial managers are limited to the provision of appropriate organizational conditions to enhance the likelihood that emerging opportunities will be recognized and exploited. This includes creating an entrepreneurial strategic vision, providing decentralized and informal structures as well as building an entrepreneurial organizational culture. Aside from creating organizational conditions conducive to innovation, the only other choice for entrepreneurial managers is the selection of an opportunity space that provides sufficient entrepreneurial opportunities. Not all opportunity spaces will provide the same level of information, knowledge generation or dynamism for the creation of entrepreneurial opportunities. Decisions regarding what industries or industry segments in which to compete will influence the probability with which entrepreneurial opportunities will emerge.

Another advantage of a dynamic model of innovation is that it reveals the path dependent nature of innovation. The emergence of entrepreneurial opportunity is always a serendipitous event. It depends on the unpredictable generation of information and knowledge within the opportunity space as well as the uncertain occurrence of creative ideas in response to new information. Furthermore, the trial and error learning necessary to develop innovation is an unpredictable process. Trials that are perceived to be successful in terms of present knowledge will be pursued and influence subsequent trials. Trials that are perceived likely to be unsuccessful in terms of present knowledge will be ignored even though they may yield successful results in the long term. The development of innovation, therefore, will be determined by probabilistic opportunity recognition and an iterative trial and error learning process where prior trials will determine subsequent outcomes whether or not they represent the most effective solution to the innovation problem.



WORLD  
CONFERENCE ON  
ENTREPRENEURSHIP



Track Title: Innovation

Paper Title:

## **Innovative Actions Implemented by Entrepreneurs: Multiple Cases Studies in Small Hospitality Businesses**

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**Key- Words:** Innovation; Entrepreneurship; Small business; Hospitality

### **Aim of the Paper**

This study has as main objective to analyze innovative actions implemented by entrepreneurs in small hospitality businesses. It aimed to: a) identify what types of innovations are implemented by these of business, based on the classification of the Oslo Manual; b) identify the factors that facilitate the implementation of innovative actions; d) identify the main difficulties faced in the adoption of innovative practices; c) identify the benefits arisen from the implementation of the referred innovative actions.

### **Background Literature**

Many studies point to the essential role of innovation and explore the relationship between entrepreneurship and innovation (Schumpeter, 1982; Vale, 2006; Batista *et al.* 2008). This relationship, according to Paula and Bignetti (2004) is associated to the fact that it is the entrepreneur who promotes innovation by launching new products or services. Schumpeter (1982) explains that entrepreneurs are the main agents of change. They innovate by combining new resources, conducting reforms or revolutions in the production system. Through invention, or in general, identifying new technological possibilities of production. To Pinto and Zilber (2006), the relationship between entrepreneurship and innovation is related to the fact that the discovery and exploitation of new opportunities is a major challenge for the entrepreneur, both the one who is starting and the one already established.

Besides this close relationship between entrepreneurship and innovation, it is important to highlight the role of innovation in propelling economic development. According to data from the Organization for Economic Cooperation and Development [OECD] (2005) innovation contributes to increase industrial productivity and the quality of life, promoting the growth of nations. Another widely used concept of innovation is provided by the Oslo Manual, which is considered the leading international source for the collection and use of data on innovation activities in industrial enterprises. According to this Manual, innovation can be defined as the introduction of a new or improved product or process, or yet a new method or marketing, or an organizational method on business practices in the workplace or in external relations. (OCDE, 2005).

For Van de Ven (1986), innovation can occur both in the technical and administrative area of the company. Administrative innovations are those related to the management of the organization or to

administrative activities. Technical innovations, in turn, are related to the organization's technical objectives and occur in products and/or services and in production processes. (Damanpour, 1991).

Another typology of innovation is presented by the Oslo Manual, which classifies innovations into four main types: innovation of product/service; innovation of process; organizational innovation and marketing innovation. Knight (1967), adds another type of innovation: innovation in people, which involves any change in value or personal belief by means of training and education. For Freeman (1994), innovations can be classified into two types: radical and incremental innovations. Radical innovations are related to the introduction of an entirely new product, service or process. Generally, this type of innovation is the result of a series of surveys performed by the company or third parties. Companies that promote radical innovation master the *know-why* and, thus, are usually better ranked in their segments. Incremental innovations, in turn, are those that occur through successive improvements in products and processes, and, in general, are the result of successive improvements during the productive process. When the company makes this kind of innovation, it has mastery of the *know-how*, and uses it for its improvements.

Considering the several typologies presented, it can be seen that there are many ways to implement innovations in companies. However, innovation is not an easy task. Silva, Sousa and Freitas (2012) emphasize that the innovation process involves a series of difficulties that impact the decision to adopt, or not adopt, innovative practices. According to the authors, these difficulties can have different reasons: economic, market, internal. The difficulties that have an economic reason are associated to factors such as: high risks of innovation, high costs of innovation, lack of funding and resources to invest in innovation. The difficulties related to market aspects concern some of the following factors: rules or legislation barriers; insensitivity of customers to new products; market dominated by established companies; uncertainty of the existence of demand for innovative products. Finally, the internal difficulties are related to the following factors: inflexibility in the company; lack of qualified personnel; lack of knowledge about technology and market; difficulties of forming cooperation agreements.

To overcome these difficulties and successfully implement innovations, Barbieri and Álvares (2003) emphasize the need for a combination of a series of internal factors of the organization, in order to create an environment that favors innovation. Mendel (2004) mentions aspects such as: appropriate physical environment, efficient internal communication, flexible organizational structure, team work, availability of resources, organizational learning to disseminate knowledge, recognition and reward system, constant training of employees and autonomy that encourages employee participation. Thus, the development and implementation of innovations within a given organization is strongly related to the existence of an internal environment where creative ideas can emerge and be effectively applied and knowledge can be accumulated (Barañano, 2005).

### **Methodology**

The present study is qualitative, exploratory in nature and was developed through the analysis of multiple cases. Regarding the criteria for the choice of cases, an inn and two small hotels were selected, which participated in the Project Local Agents of Innovation (ALI), promoted by small business local support agency-SEBRAE, justified by the fact that these companies are interested in developing some sort of innovation in their business affairs. Evidences were collected through personal semi-structured interviews with the hotel entrepreneurs and managers. They were analyzed qualitatively using content analysis, which, according to Bardin (1977). After the content analysis, it was performed comparative analysis of the cases, considering both the similarities and differences in the content of each case.

### **Results and Implications**

According to this study, the four types of innovation proposed by the Oslo Manual are being introduced by the hotels, namely: service innovation, process innovation, organizational innovation and marketing innovation. Regarding the factors that facilitate the adoption of these innovations, the support of local agencies to these organizations has been highlighted. As for the difficulties encountered, the main obstacles are associated to financial aspects, lack of qualified labor and lack of employee involvement in the innovation process. Despite these difficulties, it was found that the adoption of innovative practices provides several benefits such as cost reduction, increased customer satisfaction, higher number of visitors and better performance in service delivery. Thus, although the innovation process faces many difficulties, it provides a myriad of benefits for the businesses.

In this context, the entrepreneur, according to Schumpeter (1982), is one of the main actors in the innovation process. The entrepreneur is the that triggers the mechanisms of change, being also the main source of innovation, capable of exploring new opportunities, through the combination of different resources or different combinations of one resource. In tourism, in particular, the role of entrepreneurs that generates innovations is essential for the development and survival of organizations. In this regard, Ottenbacher (2007) says that, besides the characteristic seasonality of tourism services, the segment is very unstable and its companies must continuously adapt to meet the demands of the consumer market. Moreover, the importance of the study of innovation in the tourism sector is related to its role in the economic and social development.

## Environmental Intrapreneurship à la Patagonia

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**Key Words:** Sustainability, Intrapreneurship, Environmental

Track Title: Different Contexts

Paper Title **Environmental Intrapreneurship à la Patagonia**

**Aim of the Paper**

The aim of the paper is to examine environmental intrapreneurship in a different context - i.e., as it is reflected in the mode (à la ) of a particularly well known firm, Patagonia Inc. . We achieve this aim by considering a key issue that has challenged the business world: environmental degradation, and by examining one organization (i.e., Patagonia Inc.) that has been very entrepreneurial in taking specific steps to resolving this issue. We use qualitative case based methodology to explore an organization that has been one of the most visible and early adopters of environmental intrapreneurship. This research evaluates eight specific measures or programs that are indicative of active environmental intrapreneurship. These relatively new and radical programs range from supply chain logics, technical design standards, funding models, and cooperative networks and alliances with key stakeholders. From this inductive case based approach, we offer a two by two framework of environmental initiatives that are either intra or inter organizational as well as the presence or absence of collaborations. Theoretically, this investigation will shed light on specific organizations that are pushing the frontiers of intrapreneurship in their proactive exploration and exploitation of environmental opportunity. The practical outcome of this research is to derive prescriptions and guidelines for other entrepreneurial companies that may benefit from knowing the challenges and pitfalls of engaging in environmental intrapreneurship.

**Background Literature**

The issue of environmental degradation and the ensuing need to adopt protective mechanisms to restore the vitality of the planet's resources has begun to enter mainstream business thinking. Recent environmental disasters resulting from poorly managed businesses such as the British Petroleum oil spill in the Gulf of Mexico, Fukushima nuclear disaster in Japan, Bhopal Gas tragedy in India, and the Chernobyl disaster in the Soviet Union indicate that this has become a global phenomenon that can impact the lives and livelihood of people, as well as the success and failure of businesses. Often these disasters were caused because of inadequate control and monitoring systems within the organizations or sometimes a failure to acknowledge the severity of the impact of such negligence. As the above unfortunate incidents indicate, when these companies reacted later to stem further environmental damage (e.g. chemical or nuclear radiation, oil contamination, etc.) they were unable to effectively curtail or counteract the massive implications of their initial negligence toward environmental issues.

This leads to the need for proactive organizational attempts that would prevent the possibility of such environmental disasters. Some companies are pioneers, taking on environmental intrapreneurship to achieve specific goals, by effectively recognizing and exploiting environmental opportunity. Surprisingly, there is a paucity of research on environmental intrapreneurship, and our investigation attempts to fill this gap by considering and assessing this ignored sample of business.

**Methodology**

Following recent calls, we use a case study using qualitative methodology. This allows for fine grained analysis and is suitable for examining phenomenon from an exploratory perspective.

Sample Case: The company selected is Patagonia, Inc. which operates in the outdoor apparel and accessories business. The “company designs and markets rugged clothing and accessories to mountain climbers, skiers, surfers, and other extreme sports enthusiasts and environmentalists who are willing to pay for the Patagonia brand and its environmental ethic”. (<http://biz.yahoo.com/ic/47/47281.html>). It is a private company founded in 1972 by Yvon Chouinard, and is headquartered in Ventura, California, USA

Sample Inquiry Areas: The following eight specific initiatives will be examined and assessed.

1. The Footprint Chronicles®

This initiative uses transparency about the supply chain to help reduce adverse social and environmental impacts, on an industrial scale

2. Bluesign® Standard

This initiative works with bluesign® technologies to reduce resource consumption and harm from dyes and finishes in fabrics that they use

3. 1% For The Planet®

This initiative is about forming an alliance of businesses committed to leveraging their resources to create a healthier planet

4. Conservation Alliance

This initiative encourages other companies in the outdoor industry to financially support environmental organizations and to become more involved in environmental work.

5. Common Threads Initiative

This initiative created a partnership with their customers to keep clothing out of the landfill, and is guided by the four R's: reduce, repair, reuse, recycle.

6. Environmental Grants Program

This initiative formalized support of environmental activism by committing at the greater of t 1% of sales or 10% of pre-tax profits. The funding is provided to protect habitat, wilderness and biodiversity programs that lack corporate sponsors.

7. Enviro Internships

This initiative created an Employee Internship Program allows employees to leave their jobs for up to one month to work for an environmental group of their choice, without losing salary or benefits.

8. Conservación Patagonica

This initiative is working toward the creation of a new national park in Estancia Valle Chacabuco, South America.

### **Results/Implications:**

Following examination of the eight programs and initiatives related to environmental intrapreneurship, we classify these initiatives into internal and external. Internal initiatives are primarily concerned with restructuring or remodeling internal structures, models and processes to achieve specific goals such as environmental intrapreneurship. External initiatives are primarily concerned with collaborative and network alliances with partners outside the organization to achieve specific goals such as environmental intrapreneurship. Between these two ends of the continuum, there lies a mid-range of initiatives that involve both internal agents and collaborative mechanisms (such as partnerships with employees) to achieve specific goals such as environmental intrapreneurship. Thus we offer a two by two framework of environmental initiatives that are either intra or inter organizational as well as the presence or absence of collaborations.

Please note: All references are excluded to enable ease of reading (but are available in the full paper). The data collection and compilation is completed. Qualitative analysis and interpretation will be completed shortly. The full paper will be available in April.

Since this paper examines intrapreneurship, in a rather novel company context, à la Patagonia (or in the style of the company Patagonia) we believe that it is best suited for the “Different Contexts” track.

*Thank you for your consideration and time.*

## Open Innovation: An Overview and Relevance of a Business Ecosystem Framework

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**Key Words:** Open Innovation, Business Ecosystem, Open Innovation, Review

Track Title: Innovation

Paper Title **Open Innovation: An Overview and Relevance of a Business Ecosystem Framework**

### **Aim of the Paper**

The paper provides a conceptual overview of recent research and trends in open innovation. We ensure robustness by cross checking with Dahlander & Gann (2010) as well as the Exnovate data library (European Network of Excellence on Open and Collaborative Innovation). The paper makes a contribution by advancing a business ecosystem perspective as an appropriate framework to understand open innovation. Thus we move coordination (from markets and hierarchies) to the ecosystem organizational form. The purpose of the exploratory paper is therefore twofold: taking stock of open innovation research, and situating future research within a business ecosystem perspective.

### **Background Literature**

In an era of increasing environmental uncertainty, technologically complex interfaces, and limited resources (Gassman & Enkel, 2004) organizations are examining new ways to reorganize their resource capabilities, knowledge management, and business models (Chesbrough, 2007a; Lichtenthaler & Lichtenthaler, 2009) to create and maintain a sustainable competitive advantage. To accomplish this complex task, organizations are moving toward a new paradigm of openness in terms of knowledge sharing and innovation (Chesbrough, 2003a). While this new paradigm breaks from traditional models of closed firm boundaries, these ideas are not altogether new. The open innovation paradigm which may be said to be grounded in innovation literature, first appeared in software companies with the use of open source software and more recently with open innovation processes for knowledge exploration, exploitation, and retention (Lichtenthaler & Lichtenthaler, 2009).

The task of economic coordination has led to scholars proposing varied organizational forms, most popular being markets and hierarchies, while the ecosystem organizational form is much less widely adopted. Firms have moved from competition based on efficiencies to that based on rapid and continuous innovation, which requires complementary innovations in their ecosystems in order to survive. Indeed, business ecosystems surround and reshape markets and hierarchies; managers establish ecosystems to coordinate innovation across complementary markets and hierarchies; and business ecosystems set the agenda for the co-evolution of markets and hierarchies and their outputs (Moore, 1996, 2006; Lansiti & Levien, 2004). Simply put, business ecosystems refer to "intentional communities of economic actors whose individual business activities share in some large measure the fate of the whole community" (Moore, 2006: 33). Despite its apparent relevance, as we will demonstrate in our review, a business ecosystem framework remains surprisingly absent in the extant literature on open innovation. Hence we advocate the relevance of a business ecosystem framework to advance our understanding and to best capture value from the open innovation paradigm.

### **Methodology**

As part of our review of the field of open innovation we conducted a search and analysis of the relevant literature published on open innovation. Based on Higgins and Green (2006) and Busenitz et al. (2003), we conducted a search for all published articles on open innovation by using the ABI/Inform database to search for articles, regardless of time period or journal (as the topic is relatively nascent and research is published in a wide variety of publication types) in which "open innovation" was used in the title, keywords, or abstract up to the end of December 2011. This search resulted in 323 articles. Of these articles 10 only made mention to the term "open innovation" but did not discuss it in the body of the article and were completely unrelated to the topic and therefore deemed irrelevant. Next, we cross referenced our search with two external sources. First, we cross referenced against the search data presented in

Dahlander and Gann (2010) which captured 150 relevant articles up to August 2009. Second, we also checked our search against a data library maintained by Exnovate, the European Network of Excellence on Open and Collaborative Innovation. Exnovate operates as a non-profit organization whose primary mission is to act as clearinghouse and network platform, linking together an international community of companies, academia, governments and service providers to promote an open market for open innovation knowledge. In this role, Exnovate maintains a library data base in an effort to also capture all relevant literature on open innovation. As of December 2011 the Exnovate data base maintained 254 total articles and books/book chapters. In our cross reference against both of these data bases we found only four articles that were not captured in our search and 26 books/book chapters that we knew would not be captured in our search as ABI/Inform does not include books. While potentially not a complete list due to limitations of the various data bases, our list provides one of the most comprehensive searches on open innovation to date, capturing 346 relevant articles, books, and book chapters. Of this total 172 were conceptual and 174 were empirical. We provide some initial demographic information in terms of total numbers of publications in Table IV, including level of analysis, methodology used in empirical work, as well as relevance to the topic of open source, which we draw on as part of our framework. We present summarized content analysis results by number of articles.

In addition to our review we conducted a content analysis of our data base to identify foundational support for our ecosystem framework. This included several classification iterations by date, author, article type (i.e. conceptual or empirical), and relevance to open innovation. Based on our searchable data base of articles we identified keywords that were related to the criteria of our ecosystem framework (i.e. system, ecosystem, ecology, community, and network). Next, a search was conducted to identify if the keyword was contained in the abstract. During this search we were careful to identify and remove any words that were not consistent with our meaning of the term (e.g. systematic is not the same as system). This analysis then provided us with another searchable classification of our open innovation data base as well as helping to identify other theoretical and empirical linkages to an ecosystem framework of open innovation. The summary results of this content analysis search are presented (i.e., the number of articles found under each keyword, the article type, and the level of analysis).

To further delineate our data base, we also examined those articles which we classified as employing multiple levels of analysis by identification of the specified level actually examined in each. Finally, we found it helpful to highlight any articles with overlapping terms, which we present by means of a line graph depicting the total number of articles that had an overlap with our keywords.

### **Results/Implications:**

The conceptual paper is organized as follows. First, we present an overview of the open source paradigm as it provides the historical basis for open innovation. Next we discuss open innovation, examining theoretical and empirical works in the form of an overview/synthesis and take stock of the research to date. We organize our conceptual review on the lines of Elmquist et al (2009), and also review areas of commonality with organizational theories. Finally we argue for the relevance of a business ecosystem framework to situate further scholarly efforts in open innovation.

Given that more than half of the literature on open innovation has occurred very recently in the past few years, our review is particularly timely and useful. Our synthesis is complemented by a consideration of the historical roots of open innovation (i.e., open source) as well as the areas of commonality with major organizational theories. We introduce the relevance of a business ecosystem framework for the future study of open innovation.

Please note: Since this paper examines open innovation, a very innovative entrepreneurial approach, we believe that it is best suited for the "Innovation" track. The full paper is completed and available. References are available on request. *Thank you for your consideration and time.*

## **Social Innovation Development: a framework proposition**

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**Key Words: Social Entrepreneurship, Social Innovation, Third Sector**

## **ABSTRACT**

### **TRACK TITLE: DIFFERENT CONTEXTS**

#### **PAPER TITLE: Social innovation development: a framework proposition**

#### **AIM OF THE PAPER**

Nowadays, given the social difficulties that communities have faced, there is great concern in the search for solutions that can at least minimize them. In this context, we introduce social innovation (SI) as changes arising from the identification of additional needs of different actors, which generates social and economic development. Usually, the process of developing a SI starts with the work of a social entrepreneur, who often is attached to the Third Sector organizations. Despite the importance of the theme, there is still a lack of understanding in the literature about the SI process itself, the metrics used to evaluate its development and the results. Thus, this article discusses (1) how the SI takes place in a context of the third sector and (2) what factors impact on its implementation. Thus, we develop a case study based on the Brazilian NGO Parceiros Voluntarios (Volunteers Partneres) experience. We chose the project know as "the XXI Century Child" project, focused on students 3-14 years.

#### **BACKGROUND LITERATURE**

Social innovation is a result of the actions of the social entrepreneur, which can generate three results alone or combined (Moulaert et al., 2005): a) contribute to meeting human needs unmet; b) increases the access rights; c) enhancing human capabilities.

SI are then social changes resulting from the social construction, by the identification of community needs. SI should improve the social and economic performance of organizations, considering the quantity and quality of life. Therefore they contribute to the process of economic and social development. There are several concepts about social innovation presented in the literature, indicating different views about the subject. These definitions point out a multidimensional process of social change. The definitions found in the literature mention an action that generates change and improvement in living conditions. Heiscale (2007) concept adds the economic view, which until then was not pointed out by any authors. An approach that integrates diferente definitions can conceptualize SI as new or more effective responses to community problems that contributes to solve these needs, promoting a change in the interpretation of roles and hence promoting access, improvement of quality of life and economic and social development. This concept embraces the issues of how the individual perceives the world and its role in the changing structures.

To be considered a SI, it is necessary that the action or project presents some characteristics. Cloutier (2003) point out the criteria used to identify SI: a) innovative and experimental in a given context; b) willingness to risk taking on the part of project stakeholders; c) impact on social policies at national or local level; d) quality of the partnership between actors, and e) participation of beneficiaries in the project.

The innovation does not originate from a single event, luck or moment of discovery. It can and should be managed, powered and sustained as it is a process of search and selection of ideas and signs of change, followed by a process of implementation and deployment (Bessant; Tidd, 2009; Davila et al., 2009). Murray, Mulgan and Caulier-Grice (2010) argue that SI also follows a sequential process, as well as in commercial or technological innovation, ranging from the perceived need or problem to the acceptance of change in society.

The Young Foundation (2007) presents a model that determines the phases of SI: a) perception of need, b) development of the idea, c) diffusion of innovation, and d) learning and adaptation. An important aspect is that innovations must be in constant transformation, restarting the process and creating a virtuous cycle. Moreover, a recurring criticism lies on the presentation of linear models that may not cover the essential development of SI. The model of open innovation (Chesbrough, 2003) can also be guiding the development of SI. In the case of projects developed in companies, the author argues that they can not rely entirely on their own research, but they can and should use external ideas as well as internal ideas, and internal and external paths to market.

#### **METHODOLOGY**

We use the case study as research strategy (Yin, 2001). The study involved field research, with observation, in-depth interviews, focus groups and secondary data collection.

We selected the NGO Parceiros Voluntários (PV), a non-governmental and apolitical organization that was created in January 1997, on the initiative of businessmen from Rio Grande do Sul (Brazil) and can be considered a benchmark among the institutions of the Third Sector in Brazil, being the protagonist in the implementation social projects in the state. It has stimulated as mobilizing social causes, promoting the development of volunteers (individuals and corporations). PV has a program to work with young people aged over 14 years, the methodology of which was a finalist for the Award of Bank of Brazil Foundation of Social Technologies in 2011, but that does not meet the need for students 3-14 years. The need to provide a program for these children promoted a search for methodologies already applied that could assist in the work. The management team identified a method developed by the Institute of Living Values, in São Paulo, and in

the light of this work produced the XXI Century Child project, which serves the audience of students 3-14 years. The choice for this pilot study took place based on the criteria presented by Cloutier (2003), previously highlighted. Another important factor concerns the possibility to monitor the implementation of a project from its conception to evaluation of results. Importantly, the pilot project lasted one school year and the results of a SI are perceived in the long term, requiring a longer time to be consolidated.

### **Data Collection**

Preparing the instrument for data collection we considered the results obtained in previous phases of the research (Santos, 2012), as well as the theoretical review. Data collection took place from semi-structured interviews, which were recorded and transcribed. The selection of the schools visited in this phase was based on indication of the coordinating unit of PV Nova Prata. Thus, in each of these schools, we aimed the appointment of a teacher who worked in the project as well as a member of the management team. Besides the actors involved in the schools, we also interviewed two students mothers, two coordinators and a manager of PV and two pedagogical supervisor. Additionally, we conducted two focus groups with students from two schools participating in the project.

### **Data Analysis**

We analyse the textual material obtained from documentation, observation and interview by the technique of content analysis using NVivo version 8 software. To begin the analysis, we set six categories (or nodes), the factors obtained in the factor analysis performed previously: a) process, b) inclusion, c) participation, d) impact, e) scope and f) barriers. Furthermore, the model built up relationships obtained from factor analysis and coded evidence that justifies them.

## **RESULTS AND IMPLICATIONS**

The analysis of interviews and secondary data follow the sequence: (1) Contextualization of the City and the Schools; (2) Process, (3) Inclusion, (4) Participation, (5) Impact, (6) Scope and (7) Barriers. The categories with the exception of contextualization of the city and the schools were defined from the factors that emerged from the quantitative phase. Factor analysis indicated that all factors except factor Barriers, correlate moderately, ie, charge attributable to the correlation has medium strength (Santos, 2012). The only barriers factor relates to the process and, furthermore, so mild, ie, the load given the correlation is small. Still, the negative sign indicates the charge that the correlation is not directly proportional: the more the perceived barrier, the worse the process and vice versa.

### **Contextualization of the City and the Schools**

In this category we highlighted the following aspects: a) the context of the city was approached by of the PV collaboratives and the director of a municipal school; b) the Italian colonization, culture study and work to achieve success, the ability to undertake recovery and family are important characteristics for a project that aims to develop and consolidate values; c) the characteristic of being a conservative city and the need to adapt to a new reality; d) personal and professional commitment to the mayor and the secretary of education have with PV projects; e) the participation of almost all schools in the projects proposed by PV; and f) the perception that schools were organizing to work the theme values individually and the project could unify a need joint. All mentioned aspects are related to the contributions of Cloutier (2003) and Abreu and Andre (2006): the conditions of the environment and those involved will influence the development and implementation of change.

### **Process**

This category was analyzed in the light of different steps: a) planning; b) implementation; and c) facilities. In the planning, conditions were very flexible in relation to SMEC (Education Secretary of Nova Prata) and PV. The two leaders acted more supportive level and especially when requested. The activities performed in schools were defined primarily by teachers and management team. In the implementation, we perceived the actors engaged with different intensities. In the facilities, the data showed that unity and partnership among different stakeholders were critical to the development of the project. Different volunteers also contributed to the development of the project (speakers and partner institutions).

### **Inclusion**

This category refers to the development of individuals who are involved with the project, both those who participate in the planning and execution as those who are part of the group to whom it was intended. It is noticed that the development of different skills and establishing new relationships between individuals took place. Students feel part of the school, students who felt excluded, reacting aggressively and indiscipline, have changed their behavior, participating in activities, taking care of the school (sense of belonging) and showing better performance in the subject. Every innovation should promote social development in the community where it is implemented (Cloutier, 2003).

### **Participation**

This category deals with the involvement of actors, the integration between City Hall / SMEC - PV - Schools and leadership exercised. One feature that was well marked in speech and seems to be as important as the common goal among participants, appointed by the literature review, is the personal engagement with the proposal. According Cloutier (2003) and Abreu and Andre (2006), it is essential the participation of different actors in developing a SI. The pilot project implemented in Nova Prata confirms this assertion, showing that

the more people involved, more ideas and more opportunities arise actions are possible. Although participation has not been ideal, it is perceived that happens when entering a different actor, earnings increase for the community.

**Impact**

This category includes the results generated in the community, grouping variables that deal with the perception of the adaptability of the proposed community and needs generated by the transformations in the community. Recalling that the pilot project lasted for only one school year and the results obtained with the implementation of a SI are perceived over time, the impact assessment produced by the project is still in its infancy. As results for the city, we highlight the national recognition of the work done by the Solidary Stamp Award, giving visibility to the development of a culture for volunteering.

**Scope**

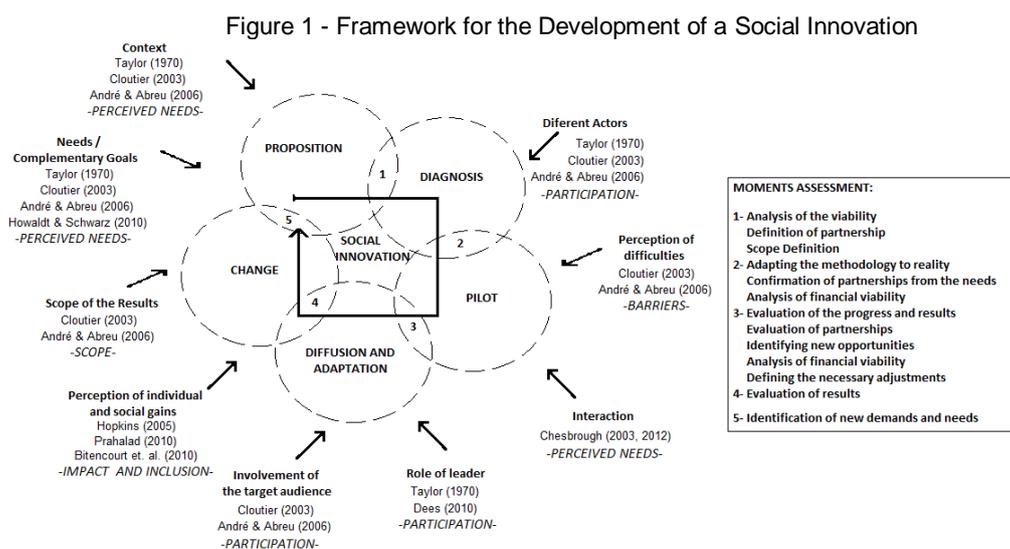
The results were not limited only to the school environment, being able to establish greater integration with families, plus many activities affected the community, awakening a new social consciousness. Greater integration with the family with school and work that results generated in the relationship and closeness between parents and children can be considered the first stage of the breadth of SI that the project can provide.

**Barriers**

In this category were indicated resistance in the community or schools, lack of financial support and difficulty to form work groups. The data collected showed different views regarding barriers, depending on the position of each player, the expectations and the notion of responsibility for the project. Among the actors, the largest number of barriers was appointed by the management teams of schools. This may be indicative of more holistic view of project development, as well as the perception of the situation in practice. This group presented a slightly more strategic and less operational, highlighting the inadequate age of students in the early grades and the need for moments of interaction between the schools.

From the analysis of the data collected it was possible to construct a framework for the development of SI, which is illustrated in Figure 1. This framework is based on open innovation (Chesbrough, 2003) and the stage-gate model proposed by Cooper, as well as in the development phases of an innovation proposed by Mulgan (2010). Each circle can be considered a step in the development of SI, starting with the proposition phase called when a group of actors presents the idea. Then, in stage of diagnosis is performed a search for information about local realities, needs and desires, which serve to define the specifics of the pilot. After implementing the pilot part to the dissemination of the methodology and adjustments. The change in the community is a result of the project implementation and adaptation to the environment. Then, from the empirical analysis, the proposed framework at the end of the theoretical framework was changed: the phase change happens only after the adaptation because SI is not imposed, but built by actors. Thus, since the unfolding process will occur the necessary adaptations and ultimately change the community.

It is noteworthy that the intersections between the circles are the moments of project evaluation in order to pass to the next step. The discontinuities in the contours represent the necessary interaction of the environment with the process, since SI comes from a need, characterizing it as an open innovation.



The framework of SI has been built from the management of a project in the area of education. However, despite the object to be specific, it is expected that may be used to implement SI in different areas whose context is similar, allowing an analytical generalization. This requirement meets the challenge of efficiency, giving subsidies to NGO managers to better assess the results of the work done and define new contexts of activity that can generate greater impact on society.

## **Steps for a Sustainable Entrepreneurship Model - Contribution for a Method from Portugal**

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Key Words: Sustainability, Entrepreneurship, Business, Model, Portugal, Risk-taking

## **Abstract**

### **Track Title**

Different Contexts

### **Paper Title**

Steps for a Sustainable Entrepreneurship Model - Contribution for a Method.

### **Aim of the Paper**

Portugal is one of the Biodiversity hotspots in the European Union, and as such its natural diversity has a strong potential for the development of new businesses in which environmental protection is at the core of the business model. Entrepreneurship has also become a central issue in the country's policy agenda, since it is seen as one possible solution in combating its persistent youth unemployment. In Portugal there are several business angel associations, several incubators and some venture capital funds. However, an explicit linkage between entrepreneurship and sustainability has not been made with public policy. In addition, we do not see environmental, social and ethical concerns as explicit criteria in any funding available to entrepreneurs. Taking into account the economic potential that natural capital has in Portugal, the linkage between new businesses and sustainability should be more present in its business model definition. Since management and economics universities are still implementing the first steps towards the inclusion of sustainability issues in the curricula, young entrepreneurs might have a lack of knowledge about the potential business case for sustainable businesses.

This paper aims to explore how young entrepreneurs understand the potential business associated with sustainability. It also provides a method that could be used by them in order to make sure that their projects do not ignore the environmental, social and ethical issues.

### **Background Literature**

Sustainable entrepreneurship has been defined as, "An innovative, market oriented and personality driven form of value creation by environmentally or socially beneficial innovations and products exceeding the start-up phase of a company" (Schaltegger, & Wagner, 2007). This paper relates the seven sources of innovation identified by Drucker (1986) with the challenges that society faces today in relation to environmental and social issues, as expressed in the several publications by the world economic forum in 2013. Various scholars have linked entrepreneurship with the topic of sustainability, however, it is still an emergent topic in entrepreneurship research (Kury, 2013; Hall, Daneke and Lenox, 2010). In Europe there has begun a debate around how SMEs adopt sustainable practices and develop their businesses with some research pointing to significant differences between SMEs and larger firms (Robinson and Stubberud, 2013) Questions remain on how to measure such developments (Stocchetti, 2012) and this paper looks specifically at the Portuguese context. This paper provides with a revision of the literature associated with entrepreneurship and sustainability in Portugal, identifying also some concrete examples.

### **Methodology**

The paper uses a mixed methods approach with both quantitative and qualitative analysis. The quantitative analysis used help to understand the perceptions of young entrepreneurs by using close-ended questionnaires, which are than subject to descriptive statistic analysis. The qualitative section is done via content analysis of published articles and relevant public information about sustainability and entrepreneurship in Portugal.

### **Results and Implications**

The results allow concluding that Portuguese entrepreneurs have a lack of information about the potential business case that sustainable businesses can have. It also demonstrates that

young entrepreneurs are eager to have more information about the linkages between natural capital and economic viable models. In order to contribute towards an increase of sustainable businesses in Portugal, the model proposed by the authors can be seen as a tool that can help young entrepreneurs to incorporate environmental, social and ethical issues in their business design model. The use of this model by entrepreneurs could contribute to a decrease in the environmental and social negative impact of businesses, and could also promote the development of new green and / or social products and services, that would contribute towards the European Strategy 2020 and towards a future Green GDP.

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# **Talking about Entrepreneurship:**

## **The Use of Metaphors by Entrepreneurs and Journalists**

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Key Words: Metaphors, Mental Entrepreneurship Modell Reconstruction, Role Theory

### **Abstract for the ICSB World Conference 2014 in Dublin, Ireland**

#### **Aim of the Paper**

In this paper we examine analogies and metaphors used by entrepreneurs and journalists when talking or writing about entrepreneurship. Analogies (A is like B) or metaphors (A is B) can be used for transferring common knowledge from a generally well-known subject area (the source domain) to another more or less unknown subject area (the target domain). For instance an entrepreneur might say “a start-up is a long distance run” communicating the effort and endurance that the process of starting and growing a new venture can take, transferring common knowledge from sports to describe the unknown area of entrepreneurship.

The Theory of Applied Cognitive Linguistics suggests that an individual’s mental model of an object can be captured by collecting and analyzing the analogies and metaphors used by the individual when describing the object area (Weinrich 1963, Lakoff & Johnson 1980). The same has been suggested in sociology to capture the mental models of groups or populations (for entrepreneurs see Drakopoulou Dodd 2002). Following this suggestion we collect and classify analogies and metaphors used by entrepreneurs and journalists when talking or writing in the media about entrepreneurship. According to the theory of applied cognitive linguistics this will provide us with the ability to reconstruct a mental model of entrepreneurship provided via the media (see Drakopoulou Dodd 2002, p. 530).

#### **Background Literature**

Studying the use of metaphors has gained interest in entrepreneurship research (see Gartner 1993, Hill & Levenhagen 1995, Koironen 1995, Pitt 1998, Hyrsky 1998, 1999, Drakopoulou Dodd 2002, De Koning und Drakopoulou Dodd 2002, Cardon et al. 2004, Nicholson & Anderson 2005, De Koning & Drakopoulou Dodd 2008, Anderson & Drakopoulou Dodd 2009, Cornelissen & Clarke 2010, Holt und Macpherson 2010, Mitchell & Mitchell 2011, Cornelissen & Clarke 2011, 2012). Basically the literature on metaphors and entrepreneurship can be classified into three groups:

- 1) the use of metaphors by entrepreneurship researchers and its consequences (Gartner et al. 1992, Cardon et al. 2004);
- 2) the use of metaphors by entrepreneurs ((Hill und Levenhagen 1995, Nicholson und Anderson 2005, Holt und Macpherson 2010, Cornelissen und Clarke 2010, 2011, 2012);
- 3) the use of metaphors by third parties (e.g. journalists, politicians, students, teachers etc.) (Koironen 1995, Hyrsky 1999, De Koning und Drakopoulou Dodd 2002, 2008, Nicholson und Anderson 2005, Drakopoulou Dodd(2009).

With our research we are narrowing two gaps in the existing literature: On one hand, so far research on the use of metaphors *by entrepreneurs* has focused on processes of “sensgiving” and “sensemaking”, legitimating their ventures (Hill & Levenhagen 1995, Nicholson & Anderson 2005, Holt & Macpherson 2010, Cornelissen & Clarke 2010, 2011, 2012). The question in that stream of research basically is: How do entrepreneurs use metaphors to communicate the value or function of unknown products, services or business ideas? Different from this approach we want to extract how entrepreneurs *describe* entrepreneurship itself and their role being an entrepreneur, allowing us to *reconstruct their mental model of entrepreneurship*. To our knowledge this application of the Theory of Applied Cognitive Linguistics to the field of entrepreneurship research has so far only been done for *US entrepreneurs* (Drakopoulou Dodd 2002). We want to expand this promising approach in entrepreneurship research to the German context, as it can be argued that the mental models of entrepreneurship may vary across nations and cultures.

On the other hand, similar studies have been conducted reconstructing *journalists’* perception of entrepreneurship by their use of metaphors. However, studies in this area are limited in numbers and have so far focused on English speaking countries (De Koning & Drakopoulou Dodd 2008). We want to also contribute to this stream of research and to combine both streams (research on entrepreneurs *and* journalists) to detect similarities and differences between both groups.

## Methodology

We have collected articles on entrepreneurs or respectively entrepreneurship published in popular media (media press publications). Articles have been searched for the use of analogies and metaphors. Analogies and metaphors have been collected in two groups: (1) those used by entrepreneurs (quotations from entrepreneurs in direct speech including interviews and articles originally authored by entrepreneurs) and (2) those used by journalists. Analogies and metaphors have then been coded, relating each of them with a source domain. For instance,

“*attacking your competitors in battles over shelf space, fighting the enemy for each inch of space*”

would be coded to the source domain “warfare” while

“*she navigated her company through rough waters and against strong breezes*”

would be coded to the source domain seafaring. The coding has been done independently by two coders. No disagreement occurred over the coding, as most analogies and metaphors have quite clear source domains.

By and large in our methodology we follow Drakopoulou Dodd (2002) and De Koning & Drakopoulou Dodd (2008), allowing us to compare our results with these two previous studies from English speaking countries.

## Results and Implications

Table 1 provides an overview over the sources domains of 236 metaphors. The total sample of metaphors can be tracked back to only 13 source domains.

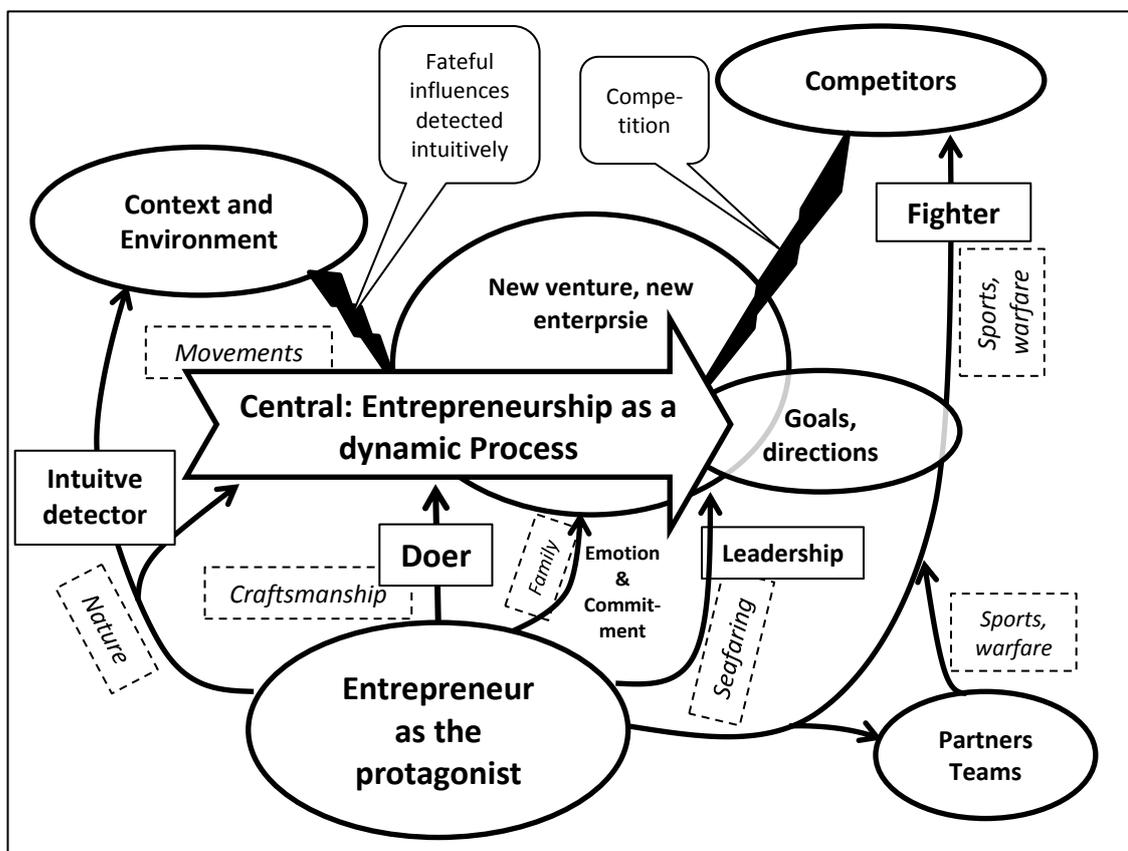
Like in all qualitative research it is necessary to construe the data. Looking into each category, we found that metaphors sourcing back to movements are used to describe entrepreneurship as a dynamic process. As this is the most used kind of metaphor, the dynamics of entrepreneurship are in the central spot of the mental model we derived from the data. Metaphors related to nature are used more often by journalists than by entrepreneurs, expressing the need for entrepreneurial intuition and gut feeling in a context of fateful, uncontrollable influences, while entrepreneurs prefer metaphors from craftsmanship, describing entrepreneurship as an artisan activity that takes dedication, education, skills, knowledge and accuracy. Craftsmanship metaphors furthermore put the entrepreneur in the central role of the hands-on “doer”. The widespread and positive use of metaphors from craftsmanship has not been observed in the aforementioned previous studies in English speaking.

Another difference between German journalists and entrepreneurs can be detected in the use of metaphors describing competition. While journalists use dark and terrifying metaphors from warfare, entrepreneurs showed a slight preference for sports metaphors, painting a more positive picture of competition. Metaphors

from warfare and sports are furthermore used in mentioning team aspects in entrepreneurship, an insight not found in previous studies. Furthermore interestingly in international comparison, German entrepreneurs use far less parenthood metaphors (“my baby”) and almost never use metaphors expressing emotions. Exploring whether they feel less emotional about their start-ups or whether this result is caused by cultural codes of conduct in communication has to be left to future research. Furthermore we found that German entrepreneurs use more metaphors from seafaring, describing the need for leadership under uncertainty (navigating or steering their ship in troubled, unclear or unexplored waters), an aspect that so far has somewhat been overlooked by entrepreneurship research. More details on the use of metaphors and the mental model derived from the data (see figure 1) will be provided with the full paper. The full paper will also provide concrete implications for entrepreneurship research (esp. on topic areas represented in the mental model but rarely studied by entrepreneurship research) and a complete list of references.

	Source domain	# total	# total in %	# total used by entrepreneurs	# total in % used by entrepreneurs	# total used by journalists	# total in % used by journalists
1	Movements	45	19,07%	16	21,33%	29	18,01%
2	Nature	35	14,83%	9	12,00%	26	16,15%
3	Craftsmanship	28	11,86%	11	14,67%	17	10,56%
4	Warfare	28	11,86%	8	10,67%	20	12,42%
5	Family	25	10,59%	7	9,33%	18	11,18%
6	Anatomy	24	10,17%	10	13,33%	14	8,70%
7	Sports	23	9,75%	9	12,00%	14	8,70%
8	Communication	9	3,81%	2	2,67%	7	4,35%
9	Seafaring	9	3,81%	1	1,33%	8	4,97%
10	Mythology and Religion	6	2,54%	1	1,33%	5	3,11%
11	Finance	2	0,85%	0	0,00%	2	1,24%
12	Trade	1	0,42%	0	0,00%	1	0,62%
13	Medicine	1	0,42%	1	1,33%	0	0,00%
	<b>Total</b>	<b>236</b>	<b>100%</b>	<b>75</b>	<b>100%</b>	<b>161</b>	<b>100%</b>

**Table 1:** The use of metaphors and their source domains in describing entrepreneurship in Germany



**Figure 1:** A mental model of entrepreneurship derived from entrepreneurs’ use of metaphors (ovals show *elements* of the model, boxes the *role* of the entrepreneur, dashed boxes the *source domain* of metaphors used respectively; font size indicates importance of each element or role)

# The Work Live Balance of Entrepreneurs

## An Explorative Study

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Key Words: Work Live Balance of Entrepreneurs; Theory Building; General Model of Work Live Balance of Entrepreneurs

### Abstract for the ICSB World Conference 2014 in Dublin, Ireland

#### Aim of the Paper

There have been thousands of studies on the Work Live Balance (WLB) of employees and managers, but only a very limited number of studies examined the WLB of entrepreneurs. Many reasons can be considered why the findings from research on the WLB of employees and managers can't be directly transferred and applied to the situation of entrepreneurs. On the one hand it can be assumed that entrepreneurs differ from employees in their commitment to and passion for the business they are in. On the other hand, in general entrepreneurs face much longer working hours (Süß & Sayah 2013: 250; Edralin 2012: 201, Drew & Humbert 2011: 247; Byron 2005; Statistisches Bundesamt, 02.10.2013) and higher risk and uncertainty (Mathew und Panchanatham 2011: 78), variables known to strongly degrade the WLB of employees. Some even argue that on average the entrepreneurial personality significantly differs from non-entrepreneurs, in dimensions such like need for achievement, risk taking, internal locus of control, need for independence, A-type behavior, or tolerance for ambiguity (see e.g. McClelland 1961; McClelland & Winter 1969; Hornaday & Aboud 1971; Liles 1974; Hornaday 1982; McClelland 1987; Freese 1998; Müller 2000). These dimensions can be considered to be influential on the WLB of individuals. Hence it seems necessary to conduct specific studies on the WLB of entrepreneurs. In short: *Entrepreneurship needs its own theory of Work Live Balance*, given the singularities and demands of the entrepreneurs' job, the specific connection between business and individual (e.g. Shane 2003) and maybe even the particular personality of many entrepreneurs.

The aim of the study therefore is to use a qualitative research design in developing a general theory of the entrepreneurs' WLB. The study follows a grounded theory approach (Glaser & Strauss 1967; Strauss & Corbin 1996; Glaser & Strauss 2012) collecting data from a heterogeneous sample of entrepreneurs, then generalizing from the data, searching for elements and relations between these elements that in total would form a specific theory of the WLB of entrepreneurs.

#### Background Literature

While thousands of studies examined the WLB of employees and managers, only 13 publications have been identified that investigate the WLB of entrepreneurs (the search has been limited to studies in English and German). In a quantitative study Kim and Ling (2001) examined the WLB of 102 married female entrepreneurs in Singapore. Parasuraman and Simmers (2001) compared the WLB of 287 employees with the WLB of 99 freelancers, again using quantitative methods and focusing on gender aspects. Likewise focusing on gender aspects, Perrons (2003) conducted a qualitative study on 55 new media owners, managers and employees in Brighton and Hove, UK. Kirkwood and Tootell (2008) conducted a qualitative study on 58 male and female entrepreneurs in New Zealand who particularly entered entrepreneurship in order to achieve a better WLB. Walker, Wang and Redmond (2008) surveyed 626 male and female self-employed with home-based businesses in Western Australia, once again focusing on gender aspects, predominantly drawing results for

women home based business owners. Gholipour, Bod, Zehtabi, Pirannejad and Kozekanan (2010) conducted a multi method study on female entrepreneurs in Iran. The sample mainly represents very small independent businesses in the textile industry such like sewing, knotting and small embroideries. Another gender study on the WLB of female entrepreneurs in developing countries was published by Mathew and Panchanatham (2011), who surveyed 227 female entrepreneurs in India. Drew and Humbert (2011) conducted a quantitative study (n=440) on the WLB of parents who are entrepreneurs. The study was conducted in Ireland. In 2012 it was the first time that a study on the WLB of entrepreneurs was published by a leading entrepreneurship journal (*Entrepreneurship Theory & Practice*): Eddleston and Powell (2012) examined how positive facets of family experiences, family-to-business enrichment, and support from family members nurture the satisfaction with work–family balance. Based on a survey of 258 entrepreneurs the article concludes that results support feminist theories that depict entrepreneurship as a gendered process. Edralin (2012) presented a quantitative study on 140 female entrepreneurs (small business owners) in the Philippines, combined with cases that exemplified the findings. A focus of this study was on the pro and cons of working from home. Concerned with the lack of theory in the previous study, Edralin (2013) revisited the research topic using a qualitative-explorative research design, building theory from interviews with and cases on a smaller group of female entrepreneurs (small business owners) in the Philippines. A phenomenological approach was employed by Rehman and Roomi (2012) when conducting a qualitative study on 20 female entrepreneurs in Pakistan. Finally Süß and Sayah (2013) researched the WLB of 23 freelancers in the German IT industry, concluding that WLB is too much a matter of subjective perceptions and therefore one cannot theorize about WLB.

The state of the art in researching the WLB of entrepreneurs can be criticized from several standpoints.

- Most of these *studies focus on very specific groups of “entrepreneurs” in very specific settings and context* (women, very small businesses, home based businesses, entrepreneurs / small business owners / self-employed in developing countries, parents, and freelancers in specific industries). Thus it can be assumed that one cannot generalize from the findings of such specific studies.
- *Many studies are not precise on the term “entrepreneurship”*. While some studies clearly describe the composition of the sample under examinations other are only vague on the samples characteristics, making it difficult to compare the results from the various studies.
- *Most studies take a feminist theorist angle* that likely will influence the research design. For instance this will influence the selection of questions that are asked in the empirical field work. Likewise the results of such studies will pronounce the aspects that the researchers have been looking for in the first place. Such studies can greatly contribute to the feminist theories and gender research, but generalizing from such studies is difficult, due to methodological challenges.
- Finally *“simply” concluding that there is no theory of the WLB of entrepreneurs* just because one very specific study couldn't find such a theory (Süß and Sayah 2013) is not a satisfying result, challenging our ambitions as researchers.

## **Methodology**

Given the state of the art in the literature on the WLB of entrepreneurs, this paper wants to make a more general contribution, not following any determined theoretical perspective on the given phenomenon but rather approaching the phenomenon with an open mind, using a grounded theory approach (Glaser & Strauss 1967, 2012, Fauchart & Gruber 2011). Furthermore, the sample consists of individuals (male or female) in Germany who have started (just recently or a longtime ago) and still run and own a business, small or large, innovative or common, high-tech or low/no-tech, urban or rural, in production or services, in industry or in crafts, in b2b or in b2c. Given the heterogeneity of the sample the study aims at identifying general communalities, interrelations, and rules together with a set of general elements that influence the WLB of entrepreneurs in general. The paper uses theoretical sampling, adding more and more interviews until no new theoretical insights occur from additional interviews (point of theoretical satisfaction, see Strauss & Corbin 1996, Fauchart & Gruber 2011). However, as the deadline for the submission of the ICSB 2014 abstracts is coming close, 24 guided open interviews in three iterations of the interview guide line (6+11+7) have been conducted, coded and analyzed. The results presented in the following section are explorative and allow generalizations and theory building, given the relatively large number of interviews, but should not be regarded as “final” results, as the interviews in our sample have yet not reached the point of theoretical satisfaction.



## **Frontiers of Entrepreneurship Research and 'Jugaad'**

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**Keywords:** Jugaad, Grass root Innovation, Informal Entrepreneurship, Frugal Innovation

## **Track Title**

Innovation

## **Paper Title**

Frontiers of Entrepreneurship Research and 'Jugaad'

## **Introduction**

'Jugaad' is a colloquial word from Hindi, the national language of India. It implies local, informal, heuristics based, low-cost, frugal, flexible, innovative fix, and an improvised solution born from ingenuity. Humans practice it in the ordinary course of solving the problems of day-to-day life. Its importance in entrepreneurship and business can hardly be overstated. In view of the cost competitiveness and the opportunities in the bottom of the pyramid, even established corporations are taking recourse to jugaad besides its natural habitat, informal entrepreneurship. Despite the apparent universality of the concept, one does not find much mention of it in the mainstream entrepreneurship research that employs the acid tests of path breaking innovation and impact for an enterprise to be regarded as entrepreneurial. Most often, these tests are stringent enough to filter out jugaad by indigenous entrepreneurs on the grounds that their impact may not be so grand as to revolutionize an industry or an economy. As a result, such innovations and entrepreneurship are generally placed outside the frontiers of entrepreneurship research. In this respect, entrepreneurship research apparently seems lagging somewhat vis-a-vis the emerging discourse on the idea of, and, alternative approaches to economic development that lay emphasis on bottom-up-from-the-grass root innovations, entrepreneurship, poverty alleviation and participative and inclusive strategies.

## **Aim of the Paper**

This paper addresses to the questions whether and how local ingenuity manifested through jugaad and its natural habitat informal entrepreneurship could be situated in the mainstream entrepreneurship theory? Secondly, the paper also attempts to answer the questions that if it were possible to theorize jugaad what are its micro, meso and macro determinants and what policy implications may be derived therefrom?

## **Background Literature**

The background literature for the paper pertains, besides innovation & entrepreneurship to the domains of informal sector and development economics. Such an eclectic approach becomes necessary in view of the fact that the questions that the paper addresses to span the fundamental issue of 'framing' or construction of an important social reality. It may be noted that it would be naïve to regard pervasiveness and persistence of the informal entrepreneurship and grass root innovations in different settings as temporary or transient phases in the economic histories of the nations and regions. However, the sheer diversity of jugaad — in terms of technologies, people involved, nature and scale of enterprises, purposes and contexts — makes it difficult to situate it precisely within a single, standalone theory. The framework that we propose is given in Figure-1.

Jugaad as well as its natural habitat informal entrepreneurship are pejoratively referred to as 'unorganized', 'below the radar' and even 'illegal' activities (Williams, 2004). Because, it is informal and below the radar, implicitly it is presumed that it avoids being detected by and does not respond to policy and institutional stimuli. Its presumed transitory existence further distances policymaking and institutional context. We believe that both jugaad and informal entrepreneurship are the outcomes of the interaction between the individual and the context. Further, the role that they play in their respective settings and the depth and inclusiveness they lend to the ideas of innovation and development make it imperative that policy makers address to the enabling and constraining factors that affect jugaad and informal entrepreneurship.

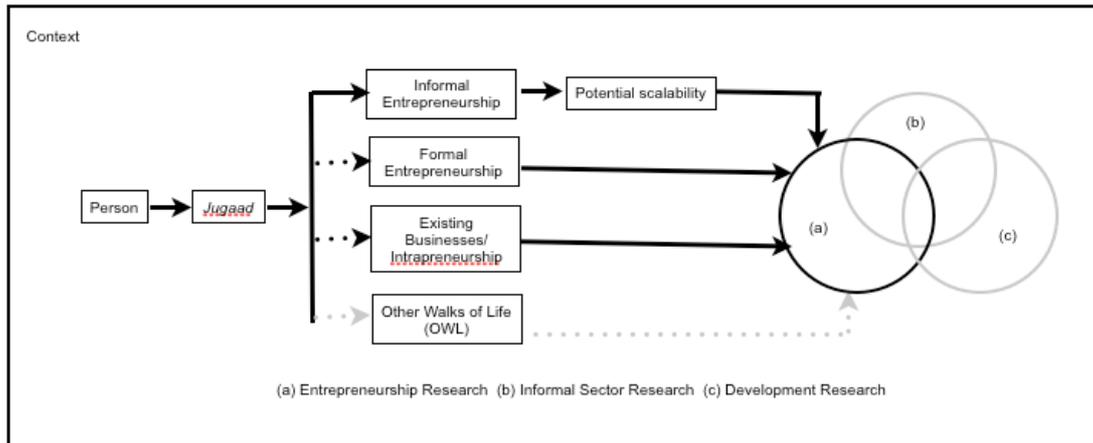


Figure-1: Eclectic framework for situating jugaad in entrepreneurship research  
Source: Authors

## Methodology

We rely on the database of grass root innovations across 23 Indian states maintained by national innovation foundation (NIF), an autonomous institution supported by the Department of Science and Technology, Government of India. NIF data is descriptive, providing a brief profile of the entrepreneur and his/ her innovation. We use a 28-item, 3-point instrument to score these innovations as lowly, moderately and highly scalable with respect to the corresponding scores of 0 to 28, 28-56, and, 56-84 respectively. These scores comprise the dependent variable. We regress it with respect to entrepreneur's personal factors (sex) as well as factors in the context (state's GDP per capita; informal enterprises per capita; microfinance penetration; private capital formation per capita; proportion of socially marginalised strata in the society; and, quality of governance). The data in respect of explanatory variables, like the explained variable are culled from the various reports of the Government of India.

## Results and Implications

**Results.** Our results are based on a pilot run on a small sample of 46 instances of jugaad. In the final study the sample size is likely to be quite large. The descriptive statistics show that in 54 % of the cases jugaad was highly scalable innovation and in another 41% cases it was moderately scalable innovation. These results make a very strong case for consideration of jugaad in the mainstream research on innovation and entrepreneurship. These results are reinforced by the fact that 57% of jugaad took place in the modern, industrial machinery and electronic and electrical & electronic equipment, that is, producers' durable goods sectors. Regression results show that jugaad responds positively significantly to the externalities created by private capital formation and weakly positively to availability of microfinance. Interestingly it is negatively explained by informal entrepreneurship implying that practice of jugaad could be pervasive even in the formal sectors. The negative coefficients of the social inclusion variables suggest that social exclusion impedes inclusive innovation.

**Implications and Potential Contributions.** The paper contributes toward situating jugaad within the frontiers of entrepreneurship research. It uses India as a case study owing to it being home to world's largest populace of informal entrepreneurship and grass root innovators. The diversity of socio-economic conditions across its different states makes India an ideal setting for the examination of the impact of contextual factors on informal innovation. Thus, the lessons drawn from here should be generalizable across diverse settings. The pilot run of regression demonstrates the potential of jugaad for scalability. This has implications for the development of a bottom up system of innovation with a view to leveraging local ingenuity for community, regional and national development. Unlike the generally held belief, the results show that jugaad is responsive to economic, political and social context in which it takes place. This finding sets the agenda for institutional reforms if the potential of jugaad were to be fully realized.

## **Shakespeare: An Entrepreneur?**

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Key Words: Different Context; Entrepreneurship; Innovation; Playwright; Shakespeare

## Shakespeare: An Entrepreneur?

### Aim of the Paper

The aim of the paper is to apply the entrepreneurship literature to shed light on Shakespeare's professional life beyond being a playwright and actor.

### Background Literature

University courses in English tend to focus on grammar, English literature, literary history, and so on. Entrepreneurship courses tend to be driven by business concerns that stem from economics and strategic management, like market demand and competitive advantage, and to a much smaller degree the actual behavior of entrepreneurs, which may be due to the limited research of the latter (Bird & Schjoedt, 2009; Bird, Schjoedt, & Baum, 2012). Combining these areas of research and education holds potential for an improved appreciation of business and English literature and better understanding of what it means to be an entrepreneur, what entrepreneurs do and with what consequences, especially what an entrepreneur does to be successful—and leave a legacy—in a different context than typically considered.

An entrepreneur is a person who either creates a new business venture alone or in collaboration with others (Gartner, 1988). An innovator is someone who provides something that is new and useful and that better meets unarticulated or existing market needs (Frankelius, 2009). In many cases, entrepreneurs need to also be innovators to take advantage of an opportunity—a combination of favorable circumstances. This opportunity may be derived from external circumstances or engineered by a person, or persons. Successful repeat entrepreneurs use their specific prior knowledge and network in systematic search for opportunities (Fiet, Clouse, & Norton, 2004; Fiet & Patel, 2008).

In a different context than traditionally considered in entrepreneurship research, that of Shakespeare's life, it becomes apparent that concepts of entrepreneurship apply to Shakespeare and may account for his success. External circumstances facilitated Shakespeare becoming a playwright, including his father's position in society, his education, and an increased demand for plays in London from the Court and Londoners. Shakespeare encountered an opportunity when moving to London to work as a playwright and actor, which was relatively common at the time. He took advantage of this opportunity by systematically using his specific knowledge and network to be at the right place with the right people. He co-authored plays and sold his plays to theater companies, building his network and recognizing changes in the external environment, such as royal decrees concerning acting companies.

Job design refers to arranging one's work to increase the inherent motivation of the work and satisfaction (Baron, 2010; Grant & Parker, 2009; Hackman & Oldham, 1976). In the context of Shakespeare, it is noteworthy that as he pursued opportunity and expanded his network, Shakespeare also redesigned his job from traditional playwright and actor, which was relatively common at the time, to also include director, which created a competitive advantage in how his plays were in the play house, and partner in the acting company, which allowed him to become a producer of plays and, in turn, play houses. Ultimately, external circumstances, Shakespeare's pursuit of opportunity, and job redesign resulted in Shakespeare's contemporary success, because his distinct voice was heard in his plays, and his enduring reputation, because his plays were (re-) assembled in one place and kept for posterity by the theater company and play houses he co-founded.

### Methodology

The method for the analysis is based on qualitative review of the literature pertaining to Shakespeare's professional life, not his plays per se. The paper will be structured in a chronological order that follows the professional life of Shakespeare from when he arrived in London until his death. Concepts of entrepreneurship and organizational behavior will be used to explain why Shakespeare was an entrepreneur in addition to a playwright and actor. In particular, whether the person or environment determines success (Mischel, 1968; Kristof, 1996), job design (Baron, 2010; Grant & Parker, 2009; Hackman & Oldham, 1976), and how opportunities are identified by whom and with what consequences (Shane & Venkataraman, 2000) are concepts that clearly apply in the context of Shakespeare's professional life.

## Results and Implications

The results show that Shakespeare was, indeed, an entrepreneur. He was not only an innovator as a playwright providing plays demanded by the market; he was also an innovator in his roles as a playwright, actor, director, and producer. He started out as an ordinary playwright, engaging in job crafting to integrate the roles of playwright, actor, director, and producer to achieve a competitive advantage for the play house that he co-founded and for himself to leave the legacy of the greatest English language playwright of all time.

While most people are familiar with at least some of Shakespeare's plays, few are familiar with Shakespeare as an entrepreneur. The implications of our analysis include (1) an improved understanding of how and where entrepreneurs are found in different contexts; (2) an appreciation of how Shakespeare developed his competitive advantage and legacy; (3) answers to key questions driving entrepreneurship research—why do some people become entrepreneurs while other do not; what factors influence success; and how or why do some people recognize advantageous opportunities when others do not? (Shane & Venkataraman, 2000); and (4) an extremely well-known example of entrepreneurship for use in education that spans disciplines.

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## **Works Councils in Family Businesses in Germany – why are there so few?**

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Key words: works councils, family business, exploratory study

**Track Title**

Family Business

**Abstract Title**

Works Councils in Family Businesses in Germany – why are there so few?

**Aim of the Paper**

Family businesses are supposed to exhibit more social responsibility than their manager-led counterparts (see e.g. Binz/Smit, 2013; Godfrey, 2005). Empirical studies seem to confirm this general hypothesis (see e.g. Dyer/Whetten, 2006; MassMutual, 2007). Pursuing their own social policies, family businesses do not only feel more responsible for the community but also for their employees (e.g. in times of business crises) than non-family firms (see e.g. Dyer/Whetten, 2006; Astrachan et al., 2003; Lee, 2006). In this line, one might expect a governance structure which emphasises participation not only for family members, but also for employees. We study this question for works councils in Germany as their establishment is not obligatory. We do expect works councils to be more frequently established in family businesses than in manager-led firms. As works councils have participation rights in social matters, staff policy and financial matters, they are an element of democratic participation in German companies. Quite contrary to this assumption, however, the empirical literature shows that the diffusion of works councils in owner-managed businesses is – irrespective of the size of the firm – in general lower than in non-family businesses (see Stettes, 2008; Schlömer-Laufen, 2012; Schlömer-Laufen et al., 2012). Considering this, the question arises, why works councils are so rarely established in family businesses. Thus, our goal is to find out more about the reasons for the less frequent existence of works councils in family businesses.

**Background Literature**

So far, the literature related to industrial relations has paid little attention to family businesses in general and to this question in particular. The diffusion rate of works councils in German businesses with different management types has only been analysed in three studies so far (see Stettes, 2008; Schlömer-Laufen, 2012; Schlömer-Laufen et al., 2012). They unanimously show that works councils are less often established in family businesses than in their manager-led counterparts. As all three studies are based on large weighted datasets, the results are robust and therefore reliable – although they have not been elaborated by multivariate statistics. Nevertheless, these results are supported by studies, which have analysed the likelihood of the existence of works councils (see e.g. Hauser-Ditz et al., 2008; Bellmann/Ellguth, 2006; Addison et al., 2003). They unanimously show that the existence of an owner manager reduces the probability of a works council. In all models the size of the businesses was controlled for.

Further in-depth analyses of the reasons for the low diffusion of works councils are still missing. Instead various ad hoc explanations were given: e.g. a strong eagerness for independence in owner-managed firms (see Schlömer-Laufen/Kay, 2012) or more personalised relations between owner-managers and their employees (see Schlömer-Laufen, 2012; Schlömer-Laufen et al., 2012; Schlömer-Laufen/Kay, 2012). While the eagerness for independence promotes a critical attitude towards limitations of entrepreneurial freedom especially in the case of business starters which is anticipated by the work force, the more personalised relations provide more opportunities for face-to-face contacts as well as for direct interaction and participation. Both facts make the establishment of works councils less urgent for the work force.

**Methodology**

We will use two different approaches to answer our research question. On the one hand, we empirically analyse the reasons for the establishment of works councils in family as well as in non-family businesses. On the other hand, we conduct an empirical literature analysis in order to detect special characteristics of family businesses that might influence the establishment of works councils.

The empirical analysis is based on a survey on employee participation in medium-sized enterprises, which was conducted in the years 2005/2006. This cross-sectional dataset is representative for both, family and non-family businesses with 20 to 499 employees in all sectors (except for firms operating in agriculture or forestry). It comprises the answers of 809 business managers.

In order to deal with the multitude of studies on family businesses, our literature analysis was limited to topics related to companies' objectives and strategies as well as performance. These topics were chosen as they determine managers' as well as owner-managers' economic behaviour in general and the relationship with the employees in particular. For example, a manager whose main aim is to gain profits will treat his employees

differently than someone whose main aim is the independence of his company. The same is true for managers who lead a company in poor economic health compared to those leading a flourishing company. As special characteristics of family businesses can only be detected in comparison to non-family businesses, we included in our analysis only papers which have used a control group. Of particular importance for our analysis were studies which used multivariate statistics in order to detect differences between family and non-family businesses. Only this type of analysis can ensure that other factors do not influence the results (see Westhead/Cowling, 1998). As family businesses are usually smaller than non-family businesses, analyses which do not control for the business size are not sufficiently reliable. Finally, we limited our analysis to papers dealing with German businesses, as general conditions (such as succession duties) differ from country to country.

## **Results and Implications**

In contrast to our initial hypothesis works councils are not found more often in family businesses than in manager-led firms in Germany. Our analyses could provide an indication of potential reasons as we find differences between family and non-family businesses in our empirical analysis as well as in our literature analysis which can influence the establishment of works councils. The empirical analysis shows that the establishment of works councils in family businesses is caused by other reasons than in non-family businesses: In non-family businesses, changes in the organisational structure (e.g. diversification) resulted more often in the establishment of works councils when compared to family businesses. Thus, organisational changes appear to occur less often in family businesses than in non-family businesses. Or they occur as often, but work forces in family businesses might perceive organisational changes as less serious than those in non-family businesses. Both reasons could explain why works councils are established less often in family businesses.

The analysis of the literature shows that family and non-family businesses differ in their eagerness for independence (see Achleitner et al., 2010) as well as in their financial performance (see Hölzenbein/Schüssler, 2011; Leiber, 2008; Andres, 2008; Jaskiewicz, 2006; Ehrhardt et al., 2006; Weber, 2005). In both fields, family businesses score higher. The higher eagerness for independence shown by family business managers promotes a critical attitude towards limitations of entrepreneurial freedom. It can also explain why works councils are so rarely established in family businesses. As works councils have substantial rights of participation and co-determination in matters of social, personnel and economic relevance, business owners tend to disapprove such formal institutions. This attitude is surely increased by the fact that owner-manager own the company and therefore are liable for all costs occurred by the works councils and its acting. In anticipation of this attitude, employees in family businesses might waive the establishment of a works council. The literature analysis points to an additional explanation: the better performance of family businesses might cause less financial crises in these businesses. Moreover, conflicts between management and work force are less likely to arise in flourishing businesses than in businesses which face economic hardships. Since both, conflicts and economic crises, are circumstances which promote the establishment of works councils (see Rudolph/Wasserman, 2006; Schlömer et al., 2007), the aforementioned findings can explain the lower diffusion rate of works councils in family businesses.

As family businesses account for more than 90 % of all businesses in Germany (see Haunschild/Wolter, 2010; Schmidt et al., 2010) as well as in other European countries (see Mandl, 2008) or in the United States (see Astrachan/Shanker, 2003), it is important to understand differences in family and non-family businesses. Despite the magnitude of studies in the field of works councils, little is known about the differences of family and non-family businesses as the results are contradictory and the research methods differ strongly. This paper has tried to improve the understanding of family businesses with regard to the existence of works councils. We found some explanation, why work councils are so rarely established in family businesses. However, we cannot rank these explanations with respect to their quantitative importance. Furthermore, we cannot exclude that there are further reasons which might explain the non-existence of works councils in family businesses. More research is needed concerning family businesses in Germany in general and employee participation in family businesses in particular. Results of such future research projects might show the German legislator potential for amendments to the German Works Constitution Act.

**Track Title: Sustainability**

**A New Cluster's Emergence told through Stakeholder Stories and Counter Stories**

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Key Words: Cluster, cluster emergence, stakeholders, storytelling, legitimacy

## **A New Cluster's Emergence told through Stakeholder Stories and Counter Stories**

### **Aim of the Paper**

The purpose of this study was to explore and identify themes and findings related to influence and legitimation in an emerging solar cluster. We investigated how such a cluster might emerge from the ashes of a declining cluster through the redirection of resources gained in a previous career (phoenix capital), and the development of entrepreneurial and institutional capital.

### **Background Literature**

Building on Lounsbury and Glynn's (2001) model and Zimmerman and Zeitz (2002), we include the importance of story-telling and symbolic action as mechanisms to develop legitimacy and transform resources into various sources of capital for the firm and for the emerging industry cluster.

### **Methodology**

Symbolic interactionist ideas and methods helped us to develop theory based on the meaning of capital to the cluster emergence (Lee, Mitchell & Sablinski, 1999). Lounsbury and Glynn (2001) called for a more ethnographic approach to collecting entrepreneurial stories that reflect how new ventures develop legitimacy and associated cultural and tangible capital. Stories build entrepreneurial capital and institutional capital (Lounsbury & Glynn, 2010). Accordingly, we examined stakeholders' stories and entrepreneurial and institutional capital as a new solar energy industry cluster emerged during 2010-2012. We considered how the stories of various stakeholders were used to socially construct reality in the solar industry (e.g., Van Maanen, 1979). Counter stories provided a subtext to the mainstream, accepted stories (Zilber, 2007). In particular this subtext helped us to understand negative cluster dynamics involving conflict, frustration, and blame.

We collected qualitative data including twelve in-depth interviews with a selected sample of stakeholders in the Ontario solar industry (entrepreneurs, legislators, collectives, trainers, and investors.). The semi-structured interviews ranged from 90-120 minutes. We sought input from selected early stakeholders to gain a comprehensive understanding of their motivations and legitimation strategies. We supplemented our interviews with 91 media articles.

### **Results and Implications**

We developed a priori themes that considered how stakeholders attempted to make themselves a legitimate and accepted part of a new industry, including their stake, their background, and their actions toward establishing a key industry role. Following Zimmerman and Zeitz (2002) we considered how this personal legitimacy in turn created capital for the firm and for the emerging industry cluster. For example, we evaluated entrepreneurial and institutional capital themes in the stories told by each participant (Lounsbury & Glynn, 2001). Specifically, entrepreneurial capital included examples of the respondents' ability to identify and publicize resources such as the founder's vision, key employees or contacts, and intellectual property. Stories that reflected institutional capital reflected an assessment and inclusion of the general context, positive media coverage, and public acceptance. A new notion of phoenix capital emerged, as specific skills and abilities gained from involvement in a previous cluster were transformed and repositioned in the new solar energy context. Thus, just as a new phoenix emerges from the ashes of its previous death, stakeholders used the ashes from the declining cluster to reposition themselves in an emerging cluster. We examined the balance between differentiation and conformity, and competition and cooperation, by considering how participants created institutional stories to show that a community was united yet created counter stories meant to underline their stature in the cluster by blaming others (Zilber, 2007).

We identified stories related to opportunity and pioneering, and counter-stories related to battles and barriers at the firm, industry, and cluster level. Stakeholders used stories of symbolic actions to underline their respective roles in developing and sustaining the cluster. They used metaphors to describe (1) the importance of their role in the cluster, (2) their frustrations, (3) to legitimize themselves and the cluster, and (4) to question legitimacy, both at the individual level (those lacking phoenix capital) and the cluster level (the government and the utility provider).

The metaphors, stories and counter-stories provided a rich context from which we could observe the social construction of reality in an emerging cluster. These mechanisms described how early cluster stakeholders established the legitimacy needed to build capital in the firm. The stories indicated how experience and education gained from a previous cluster constituted phoenix resources that were meaningful to the emerging cluster. Such meaningfulness was essentially a process of legitimation that permitted stakeholders to capitalize on their resources.

We contribute to existing entrepreneurship theory by using a qualitative lens based on metaphorical stories and symbolic actions to make sense of the dynamics in an emerging cluster. This qualitative exploratory method has been critical to understanding how a new cluster may emerge from the resources of a declining one; an important question in today's troubled economies. Thus, the introduction of phoenix capital is a key implication from our study and should be explored in greater depth in future research.

We also identified the need for first-in stakeholders to balance legitimacy at an individual and cluster level. We found that they were willing to sacrifice cluster level legitimacy to strengthen individual level legitimacy. This was evident in the growing regionalism and the questioning of inexperienced new entrants. Paradoxically, this ostensible sacrifice of legitimacy at the cluster level may in fact create greater sustainable legitimacy for the cluster. By limiting those who can enter the cluster, stakeholders may in fact be preserving the longevity or sustainability of the emerging cluster. Future research might use a longitudinal analysis to see if such initial limitations preserve the long-term legitimacy of an emerging cluster.

## The Importance of Ethics in Entrepreneurship Programs: A Survey of Directors of Entrepreneurship Programs

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Ethics, education, entrepreneurship, instruction, teaching, program development

**Track:** Education

**Paper Title:** The Importance of Ethics in Entrepreneurship Programs: A Survey of Directors of Entrepreneurship Programs

**Aim of the Paper:** The purpose of this study was to survey the chairs/directors from U. S. and international entrepreneurship programs to provide some benchmarks both for developing programs and for existing programs to review their courses, methods, and approaches to ethics education in entrepreneurship. This analysis is important given the growing global importance of ethics in business and entrepreneurship, the uniqueness of entrepreneurs' ethical issues as opposed more standard corporate business, and the lack of research on how ethics is taught in entrepreneurship programs.

**Background Literature:**

The importance of ethics and its relationship to business education has received increasing attention since the Enron and WorldCom scandals, and the near crash of the financial market. Academic institutions were criticized for their failure to provide effective instruction in ethics (Ghoshal, 2005). Garten, Dean of the Yale management school (2005), insisted that business schools place the highest importance on ethical education and incorporate it in the curriculum. The American Association of Collegiate Schools of Business (AACSB, 2013) echoed this concern emphasizing in their accreditation criteria that ethical understanding and reasoning as well as social responsibility / ethical behaviour and approaches to management be included in the curriculum.

As a result of globalization and the world's interconnectivity, the concern about ethics education has gone beyond U. S. programs. In a survey of 211 international scholars with expertise in business ethics the issue identified the most important was business ethics education (Holland & Albrecht, 2013). Some illustrations of the concern have been recent articles examining ethics education in Poland (Nguyen, 2013) and Israel (Schwartz, 2012).

One of the newest areas of growth both within business schools and the universities in the U.S. and internationally has been the field of entrepreneurship. Just as in business there has been an interest in ethics for entrepreneurs. Entrepreneurship and ethics has been the central topic for several international conferences (Tsfayohannes & Driscoll, 2010).

However, are the approaches for teaching ethics in business the same used for teaching entrepreneurs? Scholars have argued that entrepreneurs experience somewhat different ethical challenges. Among these differences are issues such as ownership (Kuratko, Goldsby, & Hornsby, 2004), the introduction of new technology or products, raising funds, and the isolation from others in decision making (Tsfayohannes & Driscoll, 2010). Some scholars have contended that entrepreneurs may even have a different attitude toward ethics than their corporate counterparts in that they use more intuitive skills in making decisions, have more control, higher accountability and concern for reputation which may lead to more ethical behaviour. At the same time these positive factors can be offset by entrepreneurs' higher need for achievement and increased uncertainty as to what is right (Steinbauer Rhew, Kinnamon, & Fabien 2014). In a review of the literature Hannafey (2003) concluded that the entrepreneur's environment may lead to unique ethical dilemmas. Additionally, there is an increased interest by students and institutions in developing social ventures and social entrepreneurship as part of the entrepreneurship curriculum (Tracey & Phillips 2007). These environments might also involve unique ethical questions and approaches.

While there is some research on how to teach ethics in business, there is little on how important ethics is perceived or how it is taught within entrepreneurship programs. Tracey and Phillips (2007) provide some suggestions and resources for incorporating ethics into programs on social entrepreneurship, but do not examine whether these methods are currently being done.. One of the few studies to examine current approaches is Tsfayohannes and Driscoll's (2010) examination of a sample of small business and entrepreneurship textbooks to assess the extent to which ethics was integrated into a text. They concluded that the texts examined did not integrate ethics effectively. Steinbauer, et.al (2014) contend

that current programs are ineffective in teaching ethics because they focus on scientific and rationalistic analysis over skills such as pattern recognition and intuition.

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## Methodology:

Chairs of U.S. and international entrepreneurship programs were asked to complete an electronic survey. The U. S. sample was composed of the top the twenty-five top undergraduate programs in entrepreneurship as identified by *Entrepreneur* magazine for the years 2009 through 2013, a total of 32 schools. The international sample was 20 international programs drawn from list of attendees at ICSB and USASBE. Surveys are currently being conducted and should be completed by February 15.

The survey asks chairs/directors to identify the importance of ethics instruction in their program; whether ethics is taught as a single course or multiple courses ( if multiple what courses); whether these courses are taught as part of the major/minor ( unique to entrepreneurship) or taught from some outside department; the percentage of class time spent on ethics education in these courses; what textbooks are used in these courses; what methods are used to teach entrepreneurship( cases, speakers, experiential exercises, books, service learning , etc.);, and how these programs assess or measure instruction in ethics. .

## Results and Implications:

The results of the survey will be presented as to the perception of importance, courses in which ethics is taught, uniqueness of instruction and issues to entrepreneurship, primary methods used to teach entrepreneurship and methods of measurement. Differences and similarities between U.S. and international schools will be noted. The implications for program development, curriculum, and teaching will be discussed.

# Integrating Creative Thinking Skills Into Entrepreneurship Curricula: A Methods Approach

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**Keywords:** Creativity, Entrepreneurship, Innovation, Education, Methods, Pedagogy

## Abstract

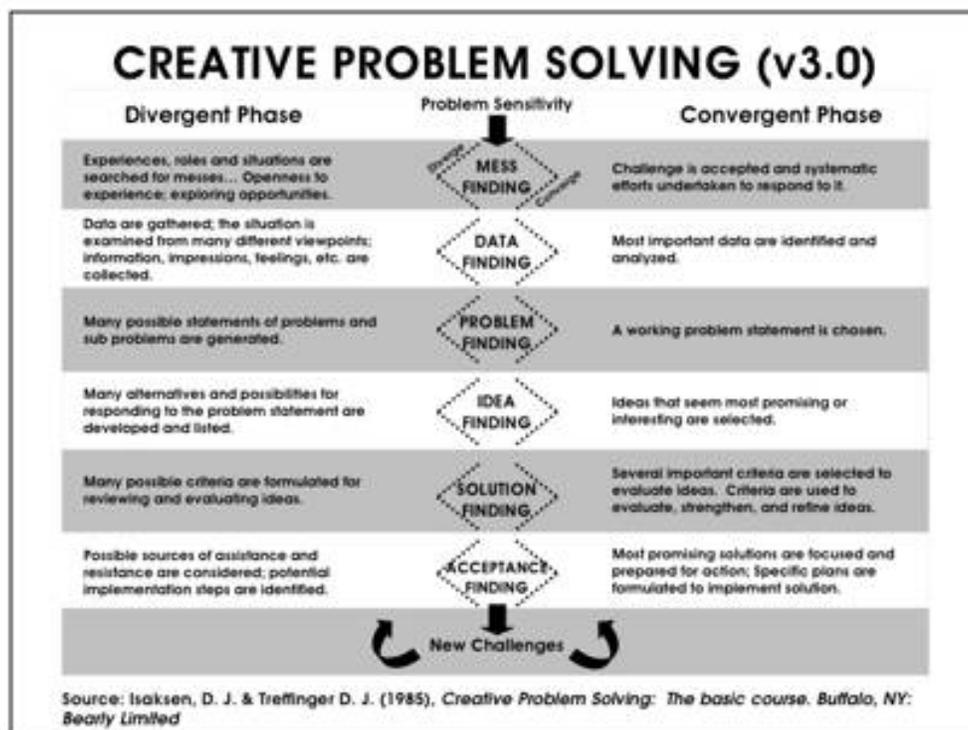
As the teach-ability and learn-ability debate continues to rage on in the entrepreneurship literature, some scholars have begun to advocate for a different approach – a shift in the discussion toward methods-based models of entrepreneurship education. Justification for this approach exists in the recognition that entrepreneurship is comprised of a dynamic portfolio of activities set to occur in increasingly complex and uncertain environments, and that existing “worlds” of entrepreneurship education – traits-based focus on the individual, linear process-orientation, and the entrepreneurial cognition approach – are ill equipped to holistically serve traditional undergraduate populations as well as non-traditional, adult learners (Neck and Greene, 2011). The charge outlined by Neck and Greene is an important one, and this workshop is intended to be a response. The content of this workshop will consist of practical and implementable tools and techniques to support entrepreneurship educators in their efforts to design the “doing” of the “new frontier” of entrepreneurship education. More specifically, the workshop will introduce the most researched (and most effective), of the *deliberate creativity* methodologies: Creative Problem Solving (CPS). CPS has proven to be both flexible and resilient in a wide range of situations – and has been a particularly effective tool to use within courses offered in the Bachelor of Science in Entrepreneurship program at USF St. Petersburg. In addition to introducing participants to the CPS process and the ways in which it’s integrated into the curriculum at USFSP, participants will experience components of the process via experiential exercises (further aligning the workshop with a core principal of Neck and Green’s charge), as well as review case examples of unique assignments and classroom challenges that have been field-tested within university and corporate settings.

Track Title: Education

## Literature Review

Academic research on the topic of creativity is generally considered to have been instigated by the presidential address to the American Psychological Association of Dr. Joy Paul Guilford (1950). Indeed, great strides have been made since then; creativity research can be found in not just peer-reviewed, creativity-specific journals, but also in management (innovation), engineering, arts, psychology, philosophy, design, and business literature.

The Creative Problem Solving model (often referred to as Osborn-Parnes CPS) has evolved since its articulation by Osborn (1953) and Dr. Sidney J. Parnes (1967). Though not its most updated version (which can be found in Puccio, Murdock, and Mance, 2007), the model pictured below was developed through years of feedback loops and consultation with creativity researchers, instructors, and practitioners in the field of deliberate creativity, and maps nicely to the entrepreneurial activities utilized in our 3000-4000 level undergraduate business courses.



With a solid foundation of trans-disciplinary, scientific research to stand on, business schools – and entrepreneurship programs, in particular – are in a favorable position to begin designing curricula that acknowledge and integrate the extant 6 decades of insights on core creative thinking skills, such as, divergent thinking (idea generation), convergent thinking (idea evaluation), and team-based creative problem solving models. Indeed, they represent a timely complement to the methods-driven approach to entrepreneurship education design proposed by Neck and Greene.

This idea, however, is not new. Teresa Amabile, now at the Harvard Business School, described the role of creative thinking skills in entrepreneurship in 1996 (Amabile, 1996), and her ideas as well as the ideas of others have been built upon by scholars and thought-leaders such as: Clayton Christensen (2011),

Alexander Osterwalder (2010), Tony Wagner (2012), and W. Chan Kim and Renée Mauborgne (2005); as well as leaders of creative industry: Tom and David Kelley (2013); and hybrid academic-innovators such as: Steve Blank & Bob Dorf (2012), Peter Skarzynski & Rowan Gibson (2008), and Eric Ries (2011).

The collective works of the above mentioned authors point us toward a shared recognition of the important role played by creative thinking skills in entrepreneurship and innovation, and of all higher education offerings, entrepreneurship programs are perhaps uniquely positioned to offer educational experiences that leverage the key insights of this work, and, specifically, to apply them in the new frontier(s) of methods-driven entrepreneurship education.

Neck and Greene argue, "At the end of the day, perhaps we do not teach entrepreneurship the discipline. Perhaps we teach a method to navigate the discipline." If feedback from our students is any indication of what we're doing, we aren't just teaching them a method to navigate a discipline, we're teaching them a method to navigate life.

### Workshop Outline

Experiential design that can be structured into 90min, 3hr, or full-day pre-conference workshop format.

Content coverage:

- Introduction of the CPS model
- Introduction of FourSight creative thinking styles measure
- Hands-on application of CPS tools / techniques on "live" field-challenge
- Case examples of CPS integration into USFSP entrepreneurship courses
- Case examples of CPS application in industry-facing client projects
- Modest technical and space requirements (projector, wall space, tables, flip charts etc.)

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## PRESENTER BIO

**Nathan L. Schwagler** serves the University of South Florida, St. Petersburg College of Business as the nation's first B-School "Creative-In-Residence", and also as a full-time Instructor of Entrepreneurship. He is responsible for the design and delivery of courses on "Creativity and Innovation", "New Venture Creation", "Social Issues in Entrepreneurial Firms" and "High-Growth Venture Consulting"; he is also responsible for the integration of creative thinking skills across the remaining courses in the entrepreneurship major, minor, and student entrepreneurship club. In addition to his university appointment, he is also the founder of Nathan Schwagler & Associates, an applied creativity practice that provides expert consultation and facilitation services for clients interested in mapping, developing and deploying their innovation capabilities. Current projects include co-authoring a textbook on creativity and innovation (Sage Publications, in press), the design and development of digital tools for teaching and learning creativity, and the creation and facilitation of a series of innovation programs within the Salvador Dali Museum designed to leverage the assumption-busting qualities of some of the worlds most celebrated surrealist works.

## **Understanding and Support Enterprise Mentoring: A Critical Reflection**

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Key Words: Enterprise, mentoring, mentor, learning, skills development

## Abstract

### Track Title

Policy

### Paper Title

Understanding and Supporting Enterprise Mentoring: A Critical Reflection

### Aim of the Paper

In September 2011, Small Firms Enterprise Development Initiative (SFEDI) Ltd. were successful in gaining funding from the UK Government (Department of Business, Innovation and Skills) to develop and deliver an enterprise mentoring project, namely Get Mentoring. The project sought to animate the market for enterprise mentoring through identifying routes to providing enterprise mentoring to other owner-managers and raising awareness of the impact of mentoring on small and medium-sized enterprise (SME) development.

Based on the experiences of working with over 15,000 owner-managers and supporting their development as enterprise mentors between 2011 and 2013, this paper explores the role for enterprise mentoring in supporting the development of the learning and skills required to start, survive and manage a small and medium enterprise and how enterprise mentors and their mentees manage the mentoring relationship.

### Background Literature

Whilst there is an established literature around mentoring in organisational development which highlights mentoring as a learning tool which can be used by individuals and through organised programmes to enhance performance (Garvey and Aldred, 2000), there is a relatively limited evidence base around the impact and value of enterprise mentoring on the development of small businesses.

Indeed, a review of the literature on enterprise mentoring identifies a relatively limited, but growing body of evidence. The work to date has focused on issues related to:

- Definitions of enterprise mentoring, particularly in terms of the ways it is different from other support roles such as business advice, consultancy and coaching (Peel, 2004).
- Activities of mentors in assisting learning and skills development of owner-managers
- Abilities and skills associated with effective mentoring (Peel, 2004)
- Characteristics of successful mentoring programmes and practices from elsewhere which can be used to shape policy and programme development.

In part, SQW and NESTA (2009) and Lonsdale (2011) note that these areas of focus within the current evidence base reflect the type of studies undertaken and policy priorities. The current evidence base can be grouped into four bundles: descriptive 'how to' guides and checklists, mapping and reviews of the supply of mentoring provision, evaluations of specific mentoring programmes and policies and overviews of the existing literature.

There are fewer accounts which explicitly focus on the extent and nature of the usage of enterprise mentors and mentoring programmes by small businesses. Research undertaken by SFEDI highlighted that 47 per cent of just over 2,000 SMEs used discussions with other businesses as a source of learning and skills development (SFEDI, 2008). The Small Business Survey in 2010 found that 11 per cent of SME employers (seven per cent of all SMEs) reported having used a business mentor over the previous 12 months (BIS, 2010). More recent research undertaken by BIS highlighted that amongst those SME employers using mentors, around 30 per cent had used a specialist business mentor; 40 per cent had somebody who provides other business services (e.g. an accountant) and 20 per cent a friend or peer (BIS Business Barometer, 2011).

Therefore, there is a limited evidence base related to the effectiveness of the mentoring journey for different groups of small business, particularly in terms of the impact on the development of skills

and business performance (Lonsdale, 2011). This paper seeks to address this gap in the current thinking related to understanding and supporting enterprise mentoring.

### **Methodology**

A qualitative methodology was adopted in order to explore the experiences of mentors, mentees and project partners in supporting enterprise mentoring. A series of telephone and face-to-face interviews and workshops with mentors and project partners were undertaken, complemented with mentors and mentees using diaries to record experiences on an ongoing basis and review of current mentoring programmes and practices. Analysis and review of the data identified a set of implications for policy and practice, in terms of responding to the development needs of mentors and mentees and supporting the demand for, and supply of mentoring services.

### **Results and Implications**

The research with mentors, mentees and project partners generated a set of insights related: motivations to engaging with enterprise mentoring; the types of owner-manager engaging with enterprise mentoring; experiences of the mentoring process, particularly in terms of identifying opportunities to mentor other businesses and moving from voluntary to paid mentoring activity; and the development of the learning and skills required to effectively mentor.

The paper suggests a set of implications relating to animating demand for mentoring amongst owner-managers of small businesses, effectively supporting the mentoring journey and researching the mentoring journey.

# Small and Micro-Business Supply Relationships: Sustainable Poverty Reduction Efforts

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**Keywords:** Supply Chain Relationships, Small and Micro-Business, Poverty Reduction, Qualitative Research, Content Analysis

## **Track Title: Different Contexts**

### **Paper Title: Small and Micro-Business Supply Relationships: Sustainable Poverty Reduction Efforts**

#### **Aim of the Paper**

There are many strategies and methods that have been used to eliminate poverty worldwide. As part of the focus on economic growth and poverty reduction, small business and micro-entrepreneurship are concepts that have received a great deal of attention. Although some microenterprises have been successful, much of the microenterprise sector and associated business clusters have formed as necessity-based, unconnected operations. Although a small and often informal sector of micro-businesses has emerged, the ties connecting supply chains are weak at best. McElwee (2006) acknowledged the difficulty in accessing distribution channels as a barrier to longevity, or sustainability for micro-businesses.

The purpose of this research is to explore the roles that buyers and suppliers can play in supporting the sustainability of micro-businesses operating in economically developing environments. This extension of theory established in high-income countries to poverty contexts is developed through multiple qualitative research methods.

#### **Background Literature**

The objective of small and micro businesses is to create an amount of value that exceeds the costs incurred in the creation of that value. These generated profits then become available to provide support for micro-entrepreneurs and their families. The financial viability of the micro-business is critical for the realization of these socially desirable results. In business contexts of extreme poverty, social sustainability is often closely equivalent to, or dependent upon, the financial sustainability of the enterprises to provide basic necessities for themselves and their families.

While non-profit donations are common in social responsibility efforts, continued non-market based funds can act as subsidies in for-profit supply chains—potentially masking repairable inefficiencies ( Miller 2009). These added funds can serve as a form of protectionism from normal market forces that can discourage continuous improvements. Thus, we suggest that micro-businesses that work with buyers and suppliers that are for-profit, non-subsidized organizations have an advantage in avoiding potential threats to financial sustainability.

Micro-entrepreneurs often fall short in their ability to compete with the rest of the players in the market. They lack the skills and opportunities needed to grow. (Prasad and Tata 2009). Individuals living in poverty contexts tend to lack education and training in business and lack resources when faced with problems (Samujh 2011). Can supply relationships help compensate for this deficiency?

Collaborative buyer-supplier relationships have been shown to reduce risks and improve performance for enterprises in developed economies (e.g., Allred et al. 2011). The most basic supply chain relationship is the buyer-supplier interface. In the formal economy, buyer-supplier relationships have been described along a continuum, from arm's length, transactional interactions, to trust-based collaborative relationships, with a marked shift in recent years from transactional to collaborative relationships (Cheung and Myers 2008). Practitioners and researchers have since broadened their focus to include an array of mechanisms used to bring buyers and suppliers together to create trust-based collaborative relationships, including sharing knowledge and expertise, sharing information through improved technology, and making specific investments in the buyer-supplier relationship (Terpend, et al. 2008).

#### **Methodology**

This research first required the assembly of a new data set of representative small to micro businesses that have been established in multiple areas of the emerging and developing world. Then, data were collected on each of the supply chains, followed by analysis of that data.

Our communication with organizations and individuals currently conducting research on the subjects of small to micro enterprise led to the development of a research protocol that included the study of existing data sets of businesses operating in emerging and developing markets, information available through public web search, recorded interviews of individuals conducting business in poverty markets, and through surveys conducted among employees of international organizations operating in poverty locations. Due to the paucity of relevant data in any one source, using a wide variety of sources allowed us to create a database of small

businesses operating in developing markets. That said, even though the data set stands out for its size relative to previous such sets, it is still considerably smaller than a similar database would be listing businesses found in a developed market. The useable data set of listed enterprises that contained adequate information available to examine supply chain relationships consisted of n=117.

Once the data set was assembled, members of the research team collected operations and supply chain data on each of the enterprises. The focus of this data collection was obtaining information about 1) the supply chain functions of each enterprise, 2) the key supply chain relationship connected to the enterprise, and 3) the nature of the buyer/supplier relationship.

The first step in the data analysis process involved mapping the supply chains of each of the businesses examined. Then two researchers independently identified the supply chain function performed by the target business. The primary production or service role conducted by each of the businesses was recorded. Then, the primary supply chain role—either supplier or buyer—was identified for each enterprise. Content analysis (Krippendorf 2004) was conducted to classify this key buyer or supplier as a Non-subsidized (market-based) organization or as a Subsidized (not-for-profit) organization.

Content analysis was also employed to classify the supply relationships as Collaborative or Transactional. Again, two independent researchers analyzed the qualitative data collected on each buyer-supplier relationship according to the Collaborative elements of relationships: 1) sharing knowledge and expertise, 2) information sharing and technology, 3) specific investments, both tangible and intangible. Each element received a score of 1 or 0, depending on evidence of the element within this supply relationship. After tallying the total score, a total score of 2 or greater was classified as Collaborative; a score of less than 2 was classified as Transactional. This ensured that at least two elements of collaboration exist in every relationship that is classified as Collaborative.

The enterprises identified as Collaborative/Non-subsidized were examined in additional depth. This case study methodology was employed to enable an exploratory study of phenomena which has not been researched in a given context, the context of poverty. (Eisenhardt and Graebner 2007).

## **Results and Implications**

The supply chain maps revealed two primary supply chain functions that are performed by the studied small and micro businesses, with all but 2 of the 117 enterprises examined fitting into one of these two discrete groups. The two supply chain roles were found to operate at the extreme ends of their supply chains, either a production role at the extreme upstream end of the supply chain (28% of the businesses), or a distribution role at the extreme downstream (72% of the businesses). Interestingly, these small businesses tend to perform supply chain roles that do not regularly exist in the formal economy.

Varying levels of detail were available from the supply chain maps for each enterprise, but all maps illustrated at least one level upstream and one level downstream. Researchers distinguished which relationship exhibited the most influence on the primary business's success. In 98% of the cases the information was very direct: 1) for enterprises involved in production activities, the key supply chain member is the buyer; and 2) for enterprises involved in distribution activities, the key supply chain member is the supplier. Two of the 117 studied enterprises did not follow this pattern.

Content analyses revealed that both sets of classification groups are discrete and recognizable. In the categorization of the key relationship as Subsidized or Non-subsidized, the two independent researchers were in agreement in the classification in 98.3% of the cases.

The classification of criteria underlying collaboration revealed numerous examples of each. Content analysis in this classification resulted in inter-rater reliability 96.6% This analysis led to a classification of 49% of the relationships in the Collaborative category and 51% in the Transactional category.

The enterprises expected to pose the least threat to sustainability—a Collaborative relationship with a key supply partner that is Non-subsidized—houses 17% of the studied. In-depth case-based analysis was conducted on each of these 19 enterprises in order to identify commonalities.

The common threads identified in all 19 cases include: 1) the connection to formal economy supply chains that becomes available to small and micro-business entrepreneurs, 2) a re-rationalization of the supply chain, 3) the increased efficiency of the overall supply chain increases the sustainability of the smaller enterprises,

and 4) supply chain partners share some of the increased created value with their small and micro-business partners.

Interestingly, what we found for firms in the Collaborative, Non-subsidized quadrant is consistent with the literature regarding successful firms in the formal economy. First, firms need access to incoming material at competitive prices, and access to stable markets. Second, by shortening the supply chain, firms can reduce costs by eliminating the margins paid to the intermediaries, while also getting closer to customers (Cattani et al. 2007). Third, sharing risks and rewards, which has been difficult for firms in the formal economy, contributes to improved performance (Richey et al. 2010). Supply relationships do compensate, at least in part, for deficiencies in small and micro-entrepreneurs experience and expertise.

This exploratory research provides a number of potential implications for managers. Foremost perhaps is that the benefits a firm realizes from connecting with small and micro businesses can be profitable and on-going if the more capable firm is willing to dedicate resources to the development of collaborative relationships. By developing collaborative relationships and rationalizing the supply chain, managers can also benefit from having more control over what is being produced or delivered, and with that control, higher levels of quality are possible.

A major objective of qualitative, exploratory research is to discover new proposals for further investigation and to uncover potential hypotheses that can be tested to extend knowledge in new areas or previously unexplored contexts. In this research we have identified three elements of buyer-supplier; yet, evidence of the consistent existence of these elements requires additional testing. Other strategic decisions also need study to determine the efficacy of additional supply chain integration, the motivation of social benefits, the role of risk management, and the possibilities of increasing sustainability in other supply relationship types.

The exploratory nature of this research is just a first step in understanding the importance of supply chain relationships in the context of emerging and developing economies. We invite all interested supply management researchers to join in the needed research extensions that will further illuminate how supply chain relationships can continue to positively contribute to these poverty alleviation efforts.

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## Gender Comparisons in Entrepreneurial Motivation and Self-Efficacy

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**Keywords:** Women's Entrepreneurship, Opportunity/Necessity Entrepreneurship, Multivariate Analysis of Variance, Multiple Discriminant Analysis

**Track Title:** Gender

**Paper Title:** Gender Comparisons in Entrepreneurial Motivation and Self-Efficacy

### **Aim of the Paper**

Throughout the world, female participation in entrepreneurial activity lags behind the rate of male activity. Approximately 90 percent of countries exhibit higher rates of male entrepreneurship, with the largest difference observed to be five times greater male participation rates.

Motivation for venturing may also influence entrepreneurship involvement. One such paradigm is the necessity-opportunity classification of entrepreneurship. It identifies opportunity entrepreneurs as those who start a new business to take advantage of a market opportunity and necessity entrepreneurs as those who start a new business because they lack alternatives.

The purpose of this research is to examine the role of internal and external self-efficacy in discriminating among women and men that have chosen to start a business. Motivational differences between male and female entrepreneurs are also taken into account. This effort is expected to provide insights toward some important forms of support that can meet some needs of female entrepreneurs, strengthening their interest in starting a business.

### **Background Literature**

We argue that one crucial component to the gender gap in entrepreneurship could be that women, on average, have lower levels of self-efficacy—the belief that one can succeed at a given task. Influential psychologist Albert Bandura argued that “people avoid activities that they believe exceed their coping capabilities, but they undertake and perform assuredly those that they judge themselves capable of managing” (1982, 123). Given the risks inherent in entrepreneurship, self-efficacy judgments may be particularly important in determining whether an individual will decide to start a business (Zhao, Seibert, and Hills 2005).

In this paper, we distinguish between internal self-efficacy and external self-efficacy. Internal self-efficacy (InSE) refers to judgments about one’s own competence, while external self-efficacy (ExSE) refers to judgments about the conduciveness of the broader environment to success (Craig, Niemi, and Silver 1990). Though both clearly depend on an individual’s perceptions, they are distinct concepts. The former might be thought of as self-confidence and the latter the degree of optimism or pessimism about the prevailing entrepreneurship ecosystem.

However, current research tends to conflate “self-efficacy” with “internal self-efficacy.” It pays much less attention to external self-efficacy. Hence, in this paper, we examine whether there are gender differences in both internal and external self-efficacy, and how both InSE and ExSE influence entrepreneurship.

Motivation for starting a business—based upon the opportunity and necessity paradigm—may also be influenced by self-efficacy. Necessity entrepreneurs appear more likely to be influenced by perceptions of obstacles and to express reluctance to take chances or risk failure (Bhola et al. 2006).

This leads us to the research questions: 1) Are there differences among groups determined by gender and by motivation for venturing, based on elements of internal and external efficacy? 2) If so, what is the nature of these differences?

### **Methodology**

Data were collected in 54 countries by academic teams in each country. Over 100,000 respondents participated in the survey process. Data collection protocols were standardized across countries through coordination by the Global Entrepreneurship Monitor organization.

Respondents indicated their gender and their motivation for starting their business. Not all respondents fall into one of the two studied motivation groups of opportunity or necessity. Classification into one of

these groups resulted from a positive response to either the question identifying an opportunity motivation or the question identifying a necessity motivation.

Four groups per country were formed based on gender and motivation: 1) female opportunity (FOPP), 2) male opportunity (MOPP), 3) female necessity (FNEC), and 4) male necessity (MNEC).

A multiple discriminant analysis (MDA), which included a multivariate analysis of variance (MANOVA), was performed to test the differences amongst the four groups (FOPP, MOPP, FNEC, and MNEC). The independent variables included the measures of internal and external self-efficacy measures presented in Table 1.

Table 1: Variables to Measure Self-Efficacy

Internal Self-Efficacy		External Self-Efficacy	
Variable	Symbol	Variable	Symbol
Knowledge, skills, and experience required to start a new business	SKILLS	There are good opportunities for business	GOOD OPP
Expect job growth	JOB GROW	Entrepreneurship portrayed positively in the media	POS MEDIA
Know someone that has started a business	KNOW ENTREP	Successful entrepreneurs are respected	ESHIP RESPECT
		Entrepreneurship is seen as a desirable career choice	GOOD CAREER

MANOVA uses multiple variables to test for difference among groups while considering the covariance among the variables. MDA is a process that determines the best linear amalgamations of multiple discriminant functions (multiple variables) that will differentiate between or among groups (Tatsuoka & Tiedeman, 1954).

## Results and Implications

The Multivariate Analysis of Variance (MANOVA) showed significant differences among the groups ( $p=.000$ ) as indicated in Table 2 (test of functions 1 through 3). However, the Multiple Discriminant Analysis (MDA) shows that there is only one significant function that explains these differences. This is reflected in the Significance scores of the other tests of functions.

Table 2: Wilks' Lambda

Test of Function(s)	Wilks' Lambda	Chi-square	df	Sig.
1 through 3	.672	83.370	21	.000
2 through 3	.965	7.508	12	.822
3	.991	1.832	5	.872

The structure matrix in Table 3 illustrates the loadings of the variables on the discriminant functions. Since only Discriminant Function 1 significantly discriminates among the tested groups, we look only at that function to examine these differences. Table 2 indicates that the variables that load on Discriminant Function 1 are measures of Internal Self-Efficacy (InSE). The variables that measure External Self-Efficacy load on functions 2 and 3—the functions that do not contribute to the variance among these groups. Thus, we conclude that External Self-Efficacy does not differ among these groups.

**Table 3: Structure Matrix**

	Function		
	1	2	3
JOB GROW (InSE)	.651 <sup>+</sup>	-.485	.285
SKILLS (InSE)	.313 <sup>+</sup>	.099	.301
KNOW ENTREP (InSE)	.612*	-.160	-.612
GOOD OPP (ExSE)	.444	.784*	.177
E-SHIP RESPECT (ExSE)	.010	-.094	.341 <sup>+</sup>
GOOD CAREER (ExSE)	-.038	.068	.196 <sup>+</sup>
.POS MEDIA (ExSE)	.022	.075	.083 <sup>+</sup>

Because only one significant discriminant function has emerged in this analysis, the plot of the group centroids will be one-dimensional, or linear. Table 4 indicates the intercepts of the group centroids on the linear axis that represents the linear combination of function 1.

**Table 4: Functions at Group Centroids**

Entrepreneurial Type Number	Function		
	1	2	3
MOPP	.923	-.091	.078
FOPP	.123	.275	-.038
MNEC	-.136	-.152	-.135
FNEC	-.910	-.032	.094

This initial examination of gender comparisons based on self-efficacy while considering entrepreneurship motivation has extended our understanding of female entrepreneurs in at least two ways. First, internal self-efficacy strongly discriminates among our four groups, while external self-efficacy does not.

Second, the Male Opportunity (MOPP) group exhibits the highest score on the internal self-efficacy, while the Female Necessity (FNEC) group exhibits the lowest levels. Surprisingly, the Female Opportunity (FOPP) and Male Necessity (MNEC) groups are not significantly different, scoring nearly equidistant from the high MOPP and the low FNEC.

Female entrepreneurs may be best assisted in new business start-ups through mechanisms that provide opportunities to increase internal self-efficacy.

**Regional Open Innovation & Technology Clustering:  
Cases for the Low Countries**

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Key words: open innovation – full regional innovation system – clusters

## Aim of the Paper

The open-innovation approach is providing new ways for firms of all sizes to collaborate, and it is creating opportunities for smaller companies.

In most traditional partnerships, smaller firms perform research and development for the larger firms or transfer innovations to them. However, open innovation is changing the way these firms interact. In the early stages of R&D, open innovation offers a neutral platform for companies to jointly investigate new and emerging technologies and applications, while sharing risks and costs.

A successful innovation policy requires all elements of the ecosystem to co-operate and collaborate together, and in international networks, to ensure that knowledge is developed, transferred and applied in productive ways.

To make innovation work, a regional innovation system has to be developed in which each element, and how it interacts with other elements, supports innovation across the economy and society. The elements that make up such an ecosystem include:

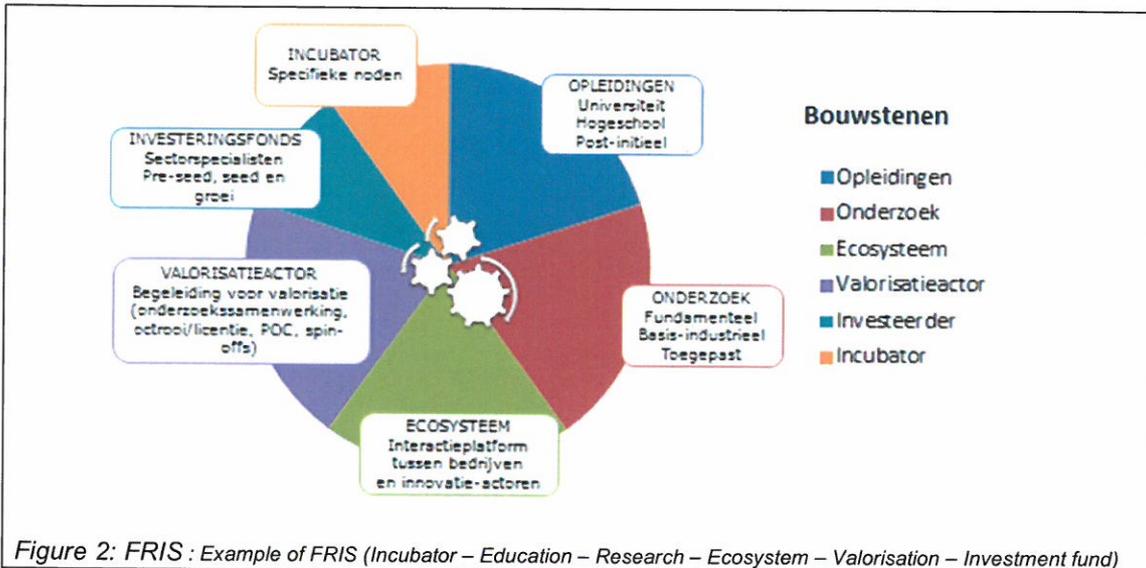
- (i) entrepreneurs and enterprises (indigenous and foreign-owned);
- (ii) investment in research and development;
- (iii) the education system, in particular higher education institutions;
- (iv) finance, in particular risk capital;
- (v) the tax and regulatory environment;
- (vi) public policy and institutions.

## Methodology

National patterns in R&D are shaped by the configuration of country-specific institutional features into a system of innovation which supports (or impedes) the accumulation and diffusion of knowledge between the scientific and industrial communities.

One of the approaches is that of the full regional innovation system (FRIS)<sup>Figure 1</sup>. FRIS is defined as a partnership aimed at an industrial sector with the following elements:

- a. (cluster of) universities and university colleges;
- b. research centers for fundamental, basic-industrial and applied research;
- c. an ecosystem for companies and start-ups, government institutions, knowledge- and research centers, graduates, entrepreneurs, ... The ecosystem is an *'effective way of moving the best ideas from university labs to the factory floor'*;
- d. technology transfer offices (IP,...)
- e. investments funds;
- f. start up incubators



The case study design (Yin, 1984) is adopted to develop an understanding of regional open innovation & technology clustering.

This contribution aims at looking at two regional open innovation cases in Belgium and the Netherlands (neighbor countries – neighbor regions), where the FRIS-methodology is successfully implemented:

- Belgium: life sciences/biotechnology in the Limburg Region
- Netherlands: high tech systems & materials in Brainport Eindhoven/Holst Centre in het Brabant Region

Brainport Eindhoven Region is a powerful innovative player in a European and global context. It accounts for a third of all Dutch private R&D expenditure, invests 8% of the GDP on R&D and is one of Europe's top three regions in terms of patent density. The economic success of Brainport Eindhoven Region is the result of unique cooperation among industry, research and government. This triple helix cooperation generates a very conducive climate for business, for both internationally renowned companies and innovative small and medium-sized enterprises in the region. These companies cooperate with each other and with knowledge institutes by sharing and multiplying knowledge in an open innovation environment before bringing their products to market.

Holst Centre has strong links with some of the leading technical Universities in Belgium and the Netherlands. The technology programs bring industry and academia together. Industry partners can drive the development of new technologies based on breakthroughs coming from the fundamental research being performed at these institutions. In return, the universities get market insight and can draw on the industry experience of our partners to help focus their research activities. Holst Centre built a track record of collaborating with SMEs within the scope of the Holst Centre OpenSME initiative.

The development of the Life Sciences sector in Limburg Region in Belgium is one of the key elements of economic restructuring in Limburg.

1. A life sciences venture capital fund has been created;
2. Bioville, the life sciences incubator was launched march 2010;
3. A regional knowledge cluster has been established.

## **Results and Implications**

Life sciences, biotechnology and high tech systems and materials have become important clusters of new economic development, both on a regional/national or global level. The implications for the national or regional systems of innovation are numerous. In order to achieve sustainable development, it is advisable that these clusters have good access to scientists, that they employ the new collaborative model or open campus model where open innovation leads to creativity. It implies mobility of researchers between companies or from universities to companies. On the firm level, it is important that firms have multiple projects and product portfolios, high ability to adapt, and solid technology platforms.

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# PSED 101: A Workshop On The Panel Studies Of Entrepreneurial Dynamics

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Key Words: panel studies, nascent entrepreneurship, individual differences

## Abstract

Track Title: Theory and Methodology

Workshop Title: PSED 101. A Workshop On The Panel Studies Of Entrepreneurial Dynamics

**Aim of the Paper:** This workshop will introduce participants to the US Panel Studies of Entrepreneurial Dynamics (PSED I and PSED II), the model for comparable studies of nascent entrepreneurship that have been done in other countries as well (e.g., Australia, Canada, China, Germany, Latvia, Netherlands, Norway, and Sweden).

**Background Literature:** The most recent update on PSED-based research is by Frid (2013), available from the University of Michigan's Institute for Social Research at [www.psed.isr.umich.edu](http://www.psed.isr.umich.edu). Literature relevant for this workshop includes:

Shaver, K. G., Davis, A. E., Kindy, M. S., & Blair, C. A. (2012). Approaching the PSED: "Some assembly required." *Journal of Business Strategy*, 22 (1), 99-115.

Gartner, W. B., & Shaver, K. G. (2012). Nascent entrepreneurship panel studies: progress and challenges. *Small Business Economics*, 39, 659-665.

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**Methodology:** This workshop will introduce participants to the Panel Studies of Entrepreneurial Dynamics (PSED). In the United States, the PSED (both PSED I and PSED II) are the only datasets (out of the 57 listed by the US Small Business Administration) that contain any significant detail about the founders of new ventures. Some of the others identify general demographic characteristics of the founder, but none include information about the founder's background, experience, and personal motivations. The PSED has served the model for several others, including the Swedish PSED, the Chinese PSED, and the CAUSEE done in Australia. For this reason, the PSED is (a) an extremely important dataset on its own, and (b) an excellent introduction to the structure of other national datasets based on the PSED.

As noted above, there are two Panel Studies of Entrepreneurial Dynamics, PSED I and PSED II. Each of these datasets is a nationally representative sample of people who are in the process of creating new businesses (PSED I also includes data from a comparison group of individuals who were not starting businesses). Each dataset is both wide (over 6,000 variables for PSED I and over 8,000 variables for PSED II) and long, with a sizable array of questions asked of respondents who were then followed for four years (PSED I) or six years (PSED II). The longitudinal design allows researchers to identify the characteristics of start-up efforts that have (and have not) succeeded. These outcomes appear in a "harmonized" dataset created by Paul Reynolds and described by Reynolds & Curtin (2011).

It is expected that the audience will participate by downloading the relevant datasets from the Internet (or from flash drives that will be provided), then use the syntax files provided as the basis for their own

explorations with the PSED data. Participants will be encouraged to bring laptop computers containing SPSS.

Results and Implications: There are 34 start-up activities including such things as investigating the potential of a market, writing a business plan, seeking external funding, renting space or a location, engaging various business support professionals, and hiring employees. In PSED I the activities are contained in the telephone survey between items Q109 and Q181 inclusive; in PSED II the activities are in "modules" AD and AE. Full descriptions of the items are available (in Gartner, et al., 2004, for PSED I; in Reynolds & Curtin, 2009 for PSED II).

The PSED studies have three important advantages. First, the data in both studies can be weighted to be nationally representative by comparisons to the Current Population Survey of the US Department of the Census. For PSED I the cells were the cross-classification of Gender X Ethnic Background X Age X Educational Attainment. For PSED II the cells were the cross-classification of Gender X Ethnic Background X Age X Income. Across all individuals in the screener, the weights were then centered to equal the total number of individuals screened.

Second, there is a very clear operational definition of who is, or is not, a nascent entrepreneur. A respondent is a nascent entrepreneur if he or she is actively involved in the organization of a business that he or she expects to own (alone or with others, as long as the people involved will together own more than 50% of the resulting company). This definition cannot hope to encompass the conceptual complexity outlined by Davidsson (2005), but it has the advantage of being replicable by others.

Third, because there are multiple years of data (3 years for all respondents in PSED I, 4 years for some; 6 years of data for respondents in PSED II) it is possible to identify projects that have come to fruition, efforts still ongoing, and ones that have been abandoned. When appropriate statistical procedures are used to infer "start times," the years taken to reach one of the three outcomes provide a dependent variable more refined than "does the business exist, or not?"

As valuable a resource as the PSED studies are, they are notoriously difficult to enter. For example, the codebook for PSED I is over 500 pages long, the same conceptual variable does not always have the same numerical identifier from one wave to another, some of the variables present in PSED I are missing from PSED II, and any "cut" on the data (such as distinguishing fully independent start-ups from those with external assistance) requires that the critical case weights be renormalized. All of these issues will be covered in the workshop, to be taught by a researcher who led the design team for the person variables in PSED I and was on the more general design team for PSED II. Participants in the workshop will be provided with a full copy of the PowerPoint slides and SPSS syntax files used to clean and combine the datasets. Past versions of this workshop have helped participants become comfortable with the PSED data and how those data might be used to answer their own conceptual questions of interest. More than a few of former participants have gone on to publish papers on their research with the PSED.

## **Sustainable Business Growth: The Pedagogy of Disciplined Entrepreneurship**

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Key words: SME growth, entrepreneurship education, disciplined entrepreneurship

International Council of Small Business Conference 2014  
“Entrepreneurship and sustainability”

Track title - Education

Paper title - Sustainable Business Growth: The Pedagogy of Disciplined Entrepreneurship

Abstract

Aim of the paper:

Small and medium sized enterprises (SMEs) represent up to 90% of businesses and are critical to the economic wellbeing and success of most economies. Indeed this is true for New Zealand (Irving, Kolb, Shepherd & Woods, 2009). However, New Zealand, like many other developed economies, has historically channelled little attention, energy, or resources to the on-going education, development and training to members of SMEs and in particular to the owner managers of such enterprises. Compared to the educational offerings for corporate, not-for-profit and public sector managers, little was available that deliberately focused on SMEs and/or owner managers of such enterprises.

To address this market opportunity, a cross disciplinary group of academics from the University of Auckland Business School formed to design, develop and deliver the Owner Manager Programme (OMP) specifically targeting individuals who were both equity owners as well as active managers of SMEs. The motivation driving the development of this programme is captured by one of the founding group members:

‘Our university courses, and the business books that go with them, are from or for the world of the corporate. Yet, the predominant New Zealand need for growth is in the many thousands of small and medium sized enterprises. We train for big, but we must begin small.’ ((Irving, Kolb, Shepherd & Woods, 2010 p. vii).

This paper explores how the notion of “disciplined entrepreneurship” emerged as a pedagogical and philosophical backdrop of the Owner Manager Programme. We illustrate how, over a ten year period, the programme has developed and sustained a deliberate focus on sustainable growth for the SME businesses attending the programme (and indeed the owner managers themselves) and how the programme has worked to sit at the intersection of maintaining an entrepreneurial spirit and focus while simultaneously encouraging and addressing the often lacking discipline and structure within SMEs to achieve the growth opportunities and/or aspirations of the owners.

Background literature:

Entrepreneurship is vital for successful SME growth. Being alert to new and innovative opportunities enables a business to grow and flourish; without entrepreneurial action a business may become stagnant and eventually be replaced in the market (Shane, 2003; Fletcher, 2004). Entrepreneurship is characterised by opportunistic and future-oriented behaviour, with a focus on innovation, creativity, opportunity recognition and translation of opportunities into business (e.g. Shane & Venkataraman, 2000; Shane 2000, 2003). However, entrepreneurial and innovative behaviour, while critical to SME growth, is only one part of the story. Discipline, in the form of processes, policies, and procedures, along with self-discipline, are necessary activities to enable sustainable organisational growth (Catlin & Matthews, 2001; Collins, 2001; Collins & Hansen, 2011; Hamm, 2002).

Historically, small companies and start-up ventures have been relatively skilled in identifying entrepreneurial opportunities but less effective at developing and sustaining the competitive advantages needed to exploit those opportunities over time. (Ireland, Hitt & Simon, 2003, p. 966)

We are interested, within the context of the owner manager programme, in developing a pedagogy and educational philosophy of disciplined entrepreneurship whereby entrepreneurial AND disciplined thinking and action are addressed.

Entrepreneurship education and learning has experienced explosive growth in the last two decades (Katz, 2003; Kuratko, 2005; Pittaway & Cope, 2007) and so too has interest in the SME sector - the educational and developmental needs and differences of these businesses (e.g. Dalley & Hamilton, 2000; Moon, Birchall, Williams, & Vrasidas, 2005; Stewart & Alexander, 2006). Little attention however has been channelled toward the owner manager him or herself and much of the extant literature on SMEs and the

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programme needs associated with this sector are focused on addressing a variety of negative considerations (see Stewart & Alexander, 2006 for a review of the challenges of SMEs and the potential negative implications for education, training and development).

Methodology:

Using a “reflective practitioner” (Schon, 1983) approach, the authors have led the continued development and delivery of the owner manager programme for over a decade. During this time ongoing reflection, experimentation and adaptation has occurred and the underlying pedagogy of disciplined entrepreneurship has emerged. In this paper we highlight, in part from an auto ethnographic perspective and in part from the feedback and evaluations from course participants, the learnings and insights gained from running the owner manager programme.

Drawing on Dan Pink’s (2005) book “The Whole New Mind” we illustrate how the six senses of design, story, symphony, empathy, play and meaning can helpfully contribute to the underlying philosophy, pedagogy and practice in developing learning and educational offerings for owner managers of SMEs.

Results and Implications:

This paper supports the contention that entrepreneurship education for owner managers of SMEs is necessarily different to other more traditional entrepreneurship and management education by nature of the owner manager participants and the organizational context of SMEs. We argue that disciplined entrepreneurship is a useful pedagogy to contribute to theory and practice in the owner manager setting and can usefully contribute to the educational thinking around sustainable entrepreneurial growth.

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# Using Mobile Phones as Social Monitors of Engagement for the SME.

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Key Words: Mobile Phones, Entrepreneur mentoring programmes, Networking, Social Learning, Knowledge Management, Reality Mining.

## Track Title

Theory and Methodology

## Paper Title

Using Mobile Phones as Social Monitors of Engagement for the SME. .

## Aim of the Paper

Entrepreneurship training is constantly seen as an effective way of providing small-medium size enterprises with the management expertise they require in order to develop and grow (McGowan & Rae, 2011), The SME sector in Ireland plays a prominent and essential role in the growth and expansion of the domestic economy. Public organizations offering mentoring support programs to novice entrepreneurs starting a business are becoming common place. The role of government in encouraging enterprise development has been the subject of much debate (Gibb & Hannon, 2006; EU 2006, 2007, 2013)

Knowledge of how groups of people interact is important in many disciplines, e.g. organizational behaviour, social network analysis, knowledge management and ubiquitous computing. Traditional studies of social network interactions have either been restricted to online communities, where unambiguous measurements about how people interact can be obtained, or have been forced to rely on questionnaires, or diaries to get data on face-to-face interactions. Survey-based methods are error prone and impractical to scale up.

This paper describes our work in developing a mobile phone base sensing system to record interactions within an entrepreneurial and research community. Using mobile phone data, we have integrated methods from statistics and machine learning to demonstrate that it is possible to extract information about people's patterns of communication, without imposing any restriction on the user's interactions or environment. Furthermore, we analyse some of the social dynamics and present results that demonstrate distinctive behaviours for distinct groups of individuals i.e. entrepreneurs, researchers postgraduates and mentors. Finally, we present results that show strong correlation between communication patterns and the person's role within the network and the entrepreneurs' propensity towards utilising the mentoring programmes to full effectiveness.

## Background Literature

Studies to date have examined the importance of training and other skill development opportunities in promoting entrepreneurship in the context of different sectors, regions and countries. An important theme to emerge from the research is the failure of some programmes to take on board the cultural, educational and social background of the "entrepreneurs", leading to perceived ineffective training and support.

Academics, practitioners and governments worldwide increasingly recognise the role of education and training in providing entrepreneurs with the necessary business skills and acumen to plan, setup and grow their business ideas. (Deakins and Freel, 1998; Mallon and Cassell, 1999; McGowan, Raffo et al., 2000; Lange et al., 2000; Ibrahim and Soufani, 2002; Dana, 2001; Matlay, 2001; Henry et al., 2003

An important theme to emerge from the research is the need to consider the cultural, social and educational background of the "entrepreneurs" in developing training and support systems. Research by Raffo et al. (2000, p. 360) into the cultural industries finds that there was a "lack of knowledge about how the sector, and hence how individuals within the sector worked leading to potentially inappropriate support mechanisms and training approaches". Dana (2001)

Survey results concerning entrepreneurs' access to and perceived value of sources of entrepreneurship training and support have been examined by interview. Interviews can provide insights and a deeper understanding of issues raised in questionnaires. Moreover, they allow for improved reliability of the data recorded from questionnaires, by allowing crosschecking of data. The research reported suggests many long-term practical implications for providers of training and support programmes for entrepreneurs: (De Faoite, et al., 2004)

Although a significant number of entrepreneurs have contact with third-level institutions, there are mixed views as to the value of such links. There were also indications that "academics" were not the ideal people to deal with in terms of practical entrepreneurship problems, suggesting perhaps that entrepreneurship educators and trainers need appropriate skills and experiences to effectively provide support to entrepreneurs (Carney and Turner, 1987; Dunsby, 1996; Gibb and Cotton, 1998; Saeed, 1996). However, the role of mentors was generally positive, especially in cases where the mentor was a specialist in a particular field. Benefits resulting from affective mentoring include a greater sense of self-efficacy, validation of one's entrepreneurial self-image and a lowered sense of solitude, all factors that could ultimately influence entrepreneur resilience. These results reveal the scope and limitations of mentoring as means to support social learning. (St-Jean & Audet, 2012), (Rae, 2005; Rigg & O'Dwyer, 2012 and Durkarska et al, 2013),

### Mobile Phones as social sensors

Opportunistic sensing of a variety of behaviours and opinions in natural settings can be achieved via the pervasive platform now provided by mobile phones. By harnessing this technology's potential, we can better understand and improve the functioning of our societies, as well as inform both individual and collective actions.

Mobile sensing and modelling tools have the potential to shed more light on the connections and patterns inherent in our everyday lives. At the highest level, societies require better mechanisms to use new opinions and ideas within the population to induce positive behaviour change, the use of topic models (Latent Dirichlet Allocation) has been used to understand the link between specific behaviours and changes in opinions. (Madan, et al., 2012)

These analyses are generally based on data collected from a tight-knit communities (students, faculty members etc.) these datasets generally include mobile sensor data in the form of Bluetooth scans, WLAN location scans, Calling and SMS records, as well as self-reported responses on the monthly and daily scales. (Eagle & Pentland, 2006), (Boone, 2004), Mobile phones can be used for sensing rich social interactions unobtrusively, precisely because the underlying sensing technologies are now commonplace and readily available. This technology's other significant advantage is eliminating the dependence on self-reporting, which is prevalent in traditional social sciences. Bluetooth proximity sensing allows the quantifying of time spent in face-to-face proximity for individuals, as opposed to relying on binary responses to represent of social ties. Interactions from electronic exchanges (calling records, SMS logs, email headers) and contextual data (location information) enable us to answer research questions in a wide range of fields, from behavioural epidemiology to public health.

### Methodology

The first step towards reliably measuring communication is to have sensors that can capture interaction features. For example, we need to know who is talking to whom, the frequency and duration of communication. To record the identity of people in an interaction, we use the person's standard mobile phone.

In this section we describe a pilot experiment we have recently completed in our lab. A group of volunteers at the Institute of Technology Tralee agreed to install the app on their mobile phone. The App has been specially developed to capture a number of interactions including call logs SMS logs location and phone usage data. The users have the phone app active on them for six hours a day (11AM–5PM). We collected 10 days (two full work weeks) of data from each subject, which amounts to 60 hours of data per subject. The data is stored securely on a remote server and has been completely anonymised. Other sensors (e.g. Bluetooth, WiFi etc.) can also be added in the future.

### Results and Implications

The first step in the data analysis process is to find out when people are in close communication. We have used the data from SMS and a phone log to achieve this. Some pre-processing of the data was required to eliminate unwanted data (for example data outside of the recording period). This pre-processing ensures that we maintain consistency between different information participants in the study. Once we detected the communications we identified the communication patterns that occurred within the community and mapped the links between individuals. The link structure is calculated from the total number of interactions each person

has with others. Our full results show that different groups interact with different network links and levels of entropy.

We believe sensing and modelling interactions among researchers and entrepreneurs is an untapped resource. Our research presents techniques that use mobile phone sensor data to make reliable estimates about a user's interaction state (e.g. who is she talking to, how long did the conversation last, etc.). We use these results to infer the structure and dynamic relationships that exists in groups of people. This can potentially be much cheaper and more reliable than human-delivered questionnaires. It is also more easily scalable to larger groups, and does not depend on personal recall or interpretation. Automatically discovering the high-level group structures within an organization can also provide a sound basis for then exploring more fine-grained group interactions using questionnaires or interviews.

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# **Influence of University Infrastructure on Effectual and Causal Reasoning of Student Entrepreneurs**

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## **Key words:**

Effectuation, causation, student entrepreneurs, university infrastructure, Global University Entrepreneurial Spirit Students' Survey (GUESSS).

## **Track title**

Small Business Management

## **Paper title**

Influence of University Infrastructure on Effectual and Causal Reasoning of Student Entrepreneurs

## **Aim of the paper**

The ultimate goal of this paper is to study how university infrastructure affects effectual or causal behaviour of student entrepreneurs. By answering this question, we aim to contribute to the research on entrepreneurial behaviour by adding more understanding on how it is influenced by contextual environment. Also, we intend to advance effectuation study area by providing more insights on the antecedents of effectual behaviour and extending its empirical application on non-expert student entrepreneurs.

## **Background literature**

Studies aiming to explore and explain entrepreneurial behaviour and orientation have been acknowledged to occupy their own niche in the whole plethora of research in Entrepreneurship. The contemporary studies into entrepreneurial behaviour and decision making are mainly influenced by the three theories – neoclassical, Austrian, and behavioural (Endres & Woods, 2006). However, numerous scholars have attempted to understand various antecedents and determinants of entrepreneurial behaviour from the lens of different theories and approaches and from the point of view of different levels of analysis. For instance, Kuechle (2013) studies this phenomenon from the perspective of game theory at the level of an individual entrepreneur; Eddleston, Kellermanns & Zellweger (2012) explore the entrepreneurial behaviour from the point of view of stewardship theory at the firm level; Welter & Smallbone (2011) examine the contextual embeddedness of entrepreneurial behaviour from the angle of the institutional theory. Altogether, this study area represents a growing and diverse research, which, however, is not fully explored (Endres & Woods, 2006; Sundqvist, Kyläheiko, Kuivalainen & Codogan, 2012).

Effectuation theory developed by Sarasvathy (2001) suggests new insights on understanding entrepreneurial actions and logic of reasoning. Some authors recognise this theory as a considerable paradigmatic shift in understanding entrepreneurial decision making process at the stage of starting new business and acting under uncertain conditions (Perry, Chandler & Markova, 2011). Being a promising and fast-growing study area, effectuation is considered to be still in infancy with a slight move towards the intermediate level of scholarship (Perry, Chandler & Markova, 2011; Svensrud & Åsvoll, 2012). The theory of effectuation started to develop at the end of the 1990s and the beginning of the millennium (Sarasvathy, Simon & Lave, 1998; Sarasvathy, 2001). This theory introduces effectuation as a means driven non-predictive logic of entrepreneurial reasoning that is an alternative to goal driven causal logic. Sarasvathy (2001: 245) stipulates that “causation processes take a particular effect as given and focus on selecting between the means to create that effect. Effectuation processes take a set of means as given and focus on selecting between possible effects that can be created with that set of means”. To clarify this difference further, she also states that “causal problems are problems of decision; effectual problems are problems of design. Causal logics help us choose; effectual logics help us construct. Causal strategies are useful when the future is predictable, goals are clear, and the environment is independent of our actions; effectual strategies are useful when the future is unpredictable, goals are unclear, and the environment is driven by human action” (Sarasvathy, 2008: 73).

University environment is an essential component of entrepreneurial infrastructure. It can influence entrepreneurial activities through providing entrepreneurship courses or full programmes in Entrepreneurship and offering start-up coaching (see e.g., Pruett, 2012; Kuehn, 2008) or contributing to the activities of science parks or business incubators (McAdam & McAdam, 2008; Mian, 1997). In addition, university environment is an enormously rich pool of network relations (for instance, alumni networks) that entrepreneurs may use for various purposes (Skurczyński, 2008; McAdam & McAdam, 2006). The underlying assumption in effectuation approach is that individuals have different perceptions of the extent to which they consider the future as predictable and controllable, something which in turn will influence their decision-making (Sarasvathy, 2001). The specific context where entrepreneurs operate is central in this argument, as it will influence their perception of what is preferable and effective (Gabrielsson & Politis, 2011). Thus we believe that the university entrepreneurial infrastructure influence on decision-making logic chosen by student entrepreneurs.

## **Methodology**

In this study, we rely on the data collected in the course of Global University Entrepreneurial Spirit Students' Survey (GUESSS) 2011. The Survey was launched at the Swiss Research Institute of Small

Business and Entrepreneurship at the University of St.Gallen in 2003. Entrepreneurial attitudes, intentions, and activities of students on a global level represent the core focus areas of the Survey.

In 2011, 26 countries took part in the survey with 489 universities being involved. For the purpose of this study, we focus only on the group of active founders. This group includes those students who are already self-employed in their own founded company. This sub-sample accounts for 563 valuable responses which were used as the basis for our analysis.

For construct measurement, we relied on established scales. Effectuation and causation are measured with the seven-point Likert scales proposed by Chandler et al. (2009). The set of independent variables included the level of entrepreneurship education, university climate, networking and coaching offerings, and financial support from university. We also included several control variables, such as students' age, students' gender, education field, country, previous experience, and the presence of family business background. In order to test the model, we run a set of OLS regressions.

## **Results and implications**

Our findings indicate that the level of entrepreneurship education (the number of entrepreneurial courses taken by student entrepreneurs) and favorable entrepreneurial university climate correspond with causal entrepreneurial behavior. The financial support at the university has positive relationship both effectual and causal reasoning in entrepreneurial decision making process of student entrepreneurs. Additionally, basing on the study of Chandler et al. (2011) we expected that the level of networking and coaching provided by university infrastructure would corresponds with both effectual and causal entrepreneurial behavior of student entrepreneurs. However, we have found the impact only on effectual behavior. We believe that our findings contribute novel insights and understandings to contemporary theory and research on effectual entrepreneurship and student entrepreneurial behaviour. First of all, we provide empirical evidence showing that student entrepreneurs can adopt different logic in entrepreneurial decision making process depending on the university context. Thus, entrepreneurship support in universities not only influences the amount of student entrepreneurs but also the whether effectual or causal logic they use. Also we show that in particular context non-expert entrepreneurs may use effectual reasoning in entrepreneurial decision making process. Finally, we contribute to the discussion on nature of effectuation-causation continuum, arguing that causation and effectuation are orthogonal constructs, and they are constantly intertwined and can unfold simultaneously.

# Monetizing Social Value - A Business Model Approach -

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**Key Words:** Business Modeling, Monetization, Social Mission,  
Social Value Creation, Social Entrepreneurship

## ABSTRACT

**Track Title:** Theory and Methodology

**Paper Title:** Monetizing Social Value - A Business Model Approach

### Aim of the Paper:

The creation of social value through entrepreneurial ventures occurs in various dimensions, which are often difficult to compare. From an economic standpoint, however, value creation requires resources and activities that lead to expenditures. The sustainability of social ventures, therefore, depends on how these expenditures are financed. By analyzing how the financing of social missions varies with the design of the business model for the social venture, we develop a general framework in which business models can be analyzed and categorized. Using a gallery of real-life case studies, we illustrate that social business models can be characterized and ordered by the degree to which they monetize social value creation and the level of generated market revenues in excess of expenditures. Thereby, we describe how social value creation can be gradually monetized by shifting the financial focus from revenues for the social mission to revenues through the social mission or beyond to revenues with the social mission. Accordingly, the nature of the earnings changes from funding to market revenues. With this transformation the potential for profitability also rises. Our analysis reveals a positive correlation between the monetization of social value creation and financial output, and it shows that relatively simple changes in the business model can have a significant impact on monetization and market performance.

### Background Literature:

In order to deal with the financing of social enterprises, one must first have a general notion of social entrepreneurship, in general, and a clear but broad enough understanding of what characterizes social enterprises, in particular. Social Entrepreneurship describes a business field that is oriented towards efficiently serving basic human needs which existing markets and institutions have failed to satisfy. According to Austin, Stevenson, and Wei-Skillern (2006), social entrepreneurship is defined "as an innovative and social value creating activity that can occur within or across the nonprofit, business, or government sectors". Classified as a composite phenomenon, Perrini and Vurro (2006) explain the rising popularity and adoption of social entrepreneurship, on the one hand, by requests from stakeholders of the non-profit sector to increase economic efficiency and effectiveness, and, on the other hand, from stakeholders of the for-profit sector to facilitate socially responsible behavior. Specifically, Dees (1998) finds that the status of a social entrepreneur

pursuing a social mission ranges from a primary social focus to a commercial orientation with secondary social objectives. As a consequence, the acquisition of financial resources for social enterprises should be considered with the full spectrum of options ranging from public or private donations for the social mission to market revenues with or through the social mission.

In the social sector, the business-model concept in its entirety has attracted much attention from researchers within the last years. Particularly Osterwalder and Pigneur (2010), Perrini (2006), Seelos and Marti (2005), and Dees (1998a) have advocated innovative forms of social business models including new value propositions, value constellations, and profit equations. Especially hybrid forms of social ventures that generate social, economic and environmental benefits are given careful consideration. Besides the accentuation of financing mechanisms for social enterprises, Perrini and Marino (2006) state that the special challenge for the social entrepreneur is the typically broad and diverse stakeholder community, which, however, can be met by placing emphasis on the process of business planning. We, therefore wish to provide a framework for social entrepreneurs to achieve a more strategically and result-oriented procedure of business modeling and planning as well as to determine appropriate financing forms and sources according to the social enterprise's underlying mission.

### **Methodology:**

In order to provide a common economic basis for comparing the multitude of diverse social ventures found in practice, we lay a clear focus on the design of the social mission's underlying business model with special regard to financing forms and sources. In particular, we classify every social business model according to two characteristics: First, by the degree to which it strategically monetizes social value creation and, second, by the level of market revenues that it generates in excess of expenditures through or with the underlying social mission.

The monetization of social value creation refers to the strategic direction of a social business model and describes the enterprise's position between acquiring funds for the social mission and earning money with the social mission. At one end of the business-model spectrum, the social mission itself constitutes the value proposition, for which the entrepreneur seeks to acquire funds, and at the other end, the social mission becomes a means with which a further commercially oriented value proposition is generated. In between are business models, in which the social mission has commercial value that can be marketed. In order to substantiate our claim, we draw on a sample of prominent Ashoka Fellows and their diverse social enterprise business models in Germany as well as well-known and well-documented global case studies.

In order to illustrate the monetization of social value creation, we empirically categorize our case studies by their business model structure, which reveals not only the role of the social mission within the complete process of value creation, but also the extent to which value propositions are oriented towards commercial customer segments. In doing this, we find that different social ventures pursuing highly diverse social missions can be grouped into four distinguishable business-model classes due to the structural similarity of their business models within each class. The classes of business models can be ordered according to their degree of monetization, where the monetization of social value creation increases through the changing role of the social mission within the business model. Moreover, one can observe how external funding, e.g., through donations, is gradually reduced or replaced by market revenues as monetization increases.

### **Results and Implications:**

The major conceptual contribution of our paper is a general framework for analyzing the monetization of social value creation based on social enterprises' underlying business models. By acknowledging that different types of social business models generate qualitatively different sources of revenue streams, our framework intuitively reveals a positive correlation between the monetization of social value creation and the generation of market revenues. Furthermore, it illustrates that relatively simple changes in the business model structure can have a significant impact on the monetization of value creation and financial output.

Our conceptual approach entails significant practical implications. The general framework, together with the gallery of real-life cases, can be used by social entrepreneurs as a strategy map to find the right type of business model for their venture, i.e., an appropriate business model for the underlying social mission with a sustainable financial structure. Moreover, by ordering social business-model categories according to their degree of monetization, we also open up new perspectives for policy-makers. With the help of our framework, social enterprise funding policies can be fine-tuned, as financiers are better able to judge the monetization of social value creation and thereby estimate the financial outcomes of social enterprises.

## **Sustaining Entrepreneurship in Subarctic Peripheral Regions**

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**Key words: Entrepreneurship, Peripheral regions, Logistics, Small business, Sustainable development, Transportation**

Track Title: Different contexts

Paper Title: Sustaining Entrepreneurship in Subarctic Peripheral Regions

**Aim of the Paper:** The paper aims to showcase the difficulties but also possibilities of subarctic peripheral entrepreneurship in an age where peripheral regions in the Nordic countries suffer in terms of a number of constraints on business development. The paper uses a number of cases of entrepreneurial firms in Northern Sweden to show how they are able to be entrepreneurial despite an inhospitable environment. In particular logistics plays an important role in determining the applicability of entrepreneurship in northern Sweden, as well as in most peripheral regions in the future.

**Background Literature:** The resource based view of entrepreneurship as advocated by Alvarez and Busenitz (2001) is an appropriate start for a discussion of entrepreneurship in peripheral regions. This perspective illustrates both the ability of entrepreneurs to recognize opportunities and the ability of the entrepreneur to combine and organize resources in order to create the best environment possible for sustainable development and growth of an enterprise. Resource based theory is also applicable to supply chain management which is evidently is one of the main constraining effects for peripheral entrepreneurship (Barney 2012). There is also a body of research related to governmental or EU support for peripheral locations (North and Smallbone 2006 for instance), where it is claimed that there is a need for a strategic and coordinated perspective on building local and regional entrepreneurship. Other research emphasize how entrepreneurs act in peripheral regions, such as Pasanens study (2003) illustrating how entrepreneurs in peripheral regions often are involved in multiple start-ups.

Another strand of research that also influences peripheral entrepreneurship is that of entrepreneurial orientation (Rauch et al 2009).

**Methodology:** The methodology is mostly based on case studies of a number of entrepreneurial firms in Northern Sweden, including businesses producing food, agricultural equipment and construction equipment. The material consists of interviews, seminars and other available information. Thus the study follows established methodology for triangulation, as the data collected comes from different sources. An emergent theme approached is followed as the respondents are themselves asked to open-endedly portray how they perceive their individual strengths and weaknesses due to the physical location of the enterprise. As a background information there is a general outlook on the characteristics of small businesses in Northern Sweden as compared to other regions.

**Results and Implications:** The part of Northern Sweden under scrutiny is described as having a subarctic climate, with average temperatures above 10 degrees for less than three months a year. The region is located 650 km north of any metropolitan area comprising more than one million inhabitants, and is located some 1500 km north of any major market (Germany). Västerbotten county has seen a number of downsizes recently, where pharmaceutical companies and truck manufacturers have relocated their operations from the county in order to upgrade production facilities closer to core customer markets. The outlook for manufacturing companies is bleak, as manufacturing costs are equal to other regions but where transportation costs as well as delivery dependability due to poor infrastructure is problematic, especially since just-in-time production becomes more important. The development of a major university hospital as well as a major university provides some employment opportunities, but there is still a lack of highly qualified staff in the high-tech sector as well as an adequate pool of high technology firms to provide significant employment opportunities for highly skilled staff.

This study follows a number of entrepreneurial firms in this region. Among the entrepreneurial firms there is a food processing firm, Polarbröd, which has been able to produce bread with a distinctly northern touch. This firm needs to transport their produce significant distances. Therefore logistics and distribution is crucial. Another firm, Ålö, supplies front loaders for tractors. To an extent they also have a northern touch to the degree that tractors are important in the forestry industry, but they also produce for other purposes as well. As is the case with Polarbröd they have reached a significant size in number of employees and therefore have a significant export. This firm is also dependent on delivery dependability and therefore logistics and transportation is a key issue. Indexator is an outcrop of the university, but is located in a small town 80 km inland from the coast. Indexator manufactures equipment that is used by some of the other local firms in the local forestry cluster. This firm is less dependent on logistics, but more dependent on the availability of skilled staff.

Logistics and transportation in the Northern parts of Sweden is an important and to a degree a neglected area. The local port is the Northernmost port in Sweden that is kept ice-free throughout the year. It is the twelfth largest port in Sweden, but the port is not exactly bustling with activity. The port is located in the innermost part of the Baltic Sea, which means that it is far from the major markets. Recently a new EU directive has added costs in terms of an environmental fee associated with the cleaning of the Baltic Sea. The railroad of Northern Sweden was built over one hundred years ago and even if some parts have been rebuilt, it is a single track line that occasionally breaks down somewhere along the line. This is especially common during the harsh winters, where both carriages and railroad switches freeze, and sometimes stops traffic for an extended amount of time. There is also the potential for breakdowns in bottlenecks further South. Thus the entire Swedish exporting industry had a standstill in 2012 when a train in Denmark wrecked the line for a number of days, even making a dent in the Swedish GDP for that year. The costs of transportation by rail is also prohibitive. It costs approximately twice as much in transporting goods by rail as it does in transporting the same goods by truck. There are of course increasing demands for a reduction in transportation by truck due to environmental concerns. In Sweden there are plans to reduce the fossil fuels used for transportation to zero by 2030. In addition, Sweden will enforce a substantial reduction in emissions until the year 2050. Even if the Northern parts of Sweden are supposed to be exempt from some of these rules, there are indications that these resolutions will make truck transportation more expensive in one way or the other. Thus, both in terms of shipping and trucking, environmental concerns presents difficulties for peripheral regions in Sweden and elsewhere.

The areas in which these firms are located have seen diminishing populations for a number of decades. There is a scarcity of key personnel available for hire and it is hard to recruit from other cities. The transportation of goods is hampered by long distances with a strained infrastructure in terms of sea transport affected by environmental regulations, rail transport hampered by low capacity and truck capacity also affected by environmental regulations. Financiers are reluctant to invest due to the perception that better opportunities are to be found in higher growth areas. The labor costs are significant and labor laws are rigid. In addition, the Northern parts of Sweden show low entrepreneurial propensity compared to other regions.

The relative scarcity of employment opportunities do provide existing entrepreneurial firms with considerable support from the local community and also central government. The lack of alternative employment also generates a considerable loyalty among employees toward the firms. The transparency of small communities also means that every firm has a considerable knowledge as to what resources are available to them. In addition, finding cheap premises is easy, even if those premises may not always be tailor-made for the firms. There are a number of abandoned locales available for entrepreneurs and there are usually opportunities to gain support from the local

community in renovating and rebuilding these premises. The second-hand value of any investments in commercial real estate is limited, which curtails efforts in terms of private equity investments.

The showcased businesses all show survival strategies that they need in order to survive. The study shows results from a project called Business North where entrepreneurs meet in order to find ways of improving their conditions. The results of the study have significant implications for governmental policy in supporting entrepreneurs in peripheral regions and also on the theory of entrepreneurship in remote regions and under adverse conditions.

The results of the research illustrate the increased need for enterprises in unfavorable locations to find competitive advantages based on that location. In some cases entrepreneurs chose to use the unspoilt environment as means to differentiate from usually larger competitors in more favorable locations. There is also a sense that some customers prefer an off-location alternative, preferably with some sense of exoticism.

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## **Gender and Financing Preferences of SMEs: Discouraged Borrowers**

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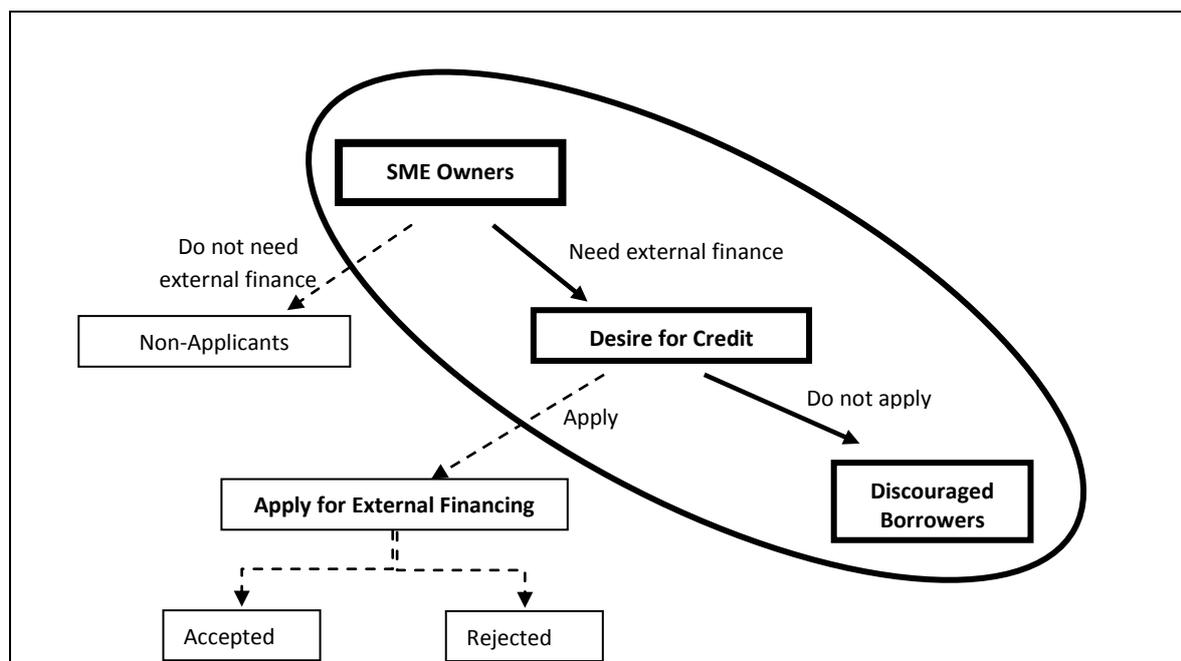
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**KEYWORDS:** Gender, Financing preferences, Discouraged borrowers, Commercial lending

## Gender and Financing Preferences of SMEs: Discouraged Borrowers

### Aim of the Paper

This research aims to investigate demand-side financing differences between male and female-owned small and medium enterprises in Canada from the perspective of discouraged borrowers. The research examines the relationship between gender and extent of discouragement across SMEs while controlling for effects of firm-specific (age, size, industry, etc.) and owner-specific characteristics (education, experience, etc.). Broadly, this research seeks to investigate firm and personal attributes that are associated with the financing preferences of SME owners with special reference to the association between the gender composition of ownership and the incidence of discouraged borrowers. Figure 1 outlines the broad scope of this research and the particular subsamples of interest.



### Background Literature

The traditional understanding of SME financing preferences goes back to the work of Timmons (1994) that small and young firms tend to draw capital from internal sources, personal sources, and informal investments. As firms grow, however, they face additional capital requirements and must turn to external sources such as banks and public debt and equity markets (Thornhill et al., 2003). Thus, managerial preferences undoubtedly play a meaningful role in the composition of SME capital structure (Pettit and Singer, 1985). However, research also shows that many small firms prefer not to apply for external financing even if they need finance and fear of denial is found to be a frequent reason (Constantinidis et al., 2006, Kon and Storey, 2003; Han et al., 2009): discouraged borrowers (Kon and Storey, 2003).

Kon and Storey (2003) stress that discouraged borrowers exist because of imperfect screening and increased application costs by banks. Discouragement is argued to be one consequence of informational opacity and that collecting information from smaller firms is relatively costly (Freel et al., 2012; although one could alternatively argue that credit scoring renders such costs as negligible). Fearing rejection, and given imperfect information, discouraged borrowers do not apply for loans even when they need capital. Han et al. (2009) look at the positive side of discouragement and posit that high-risk borrowers are more likely to be discouraged. Chandler et al. (2010) lends some support to the self-rationing principle put forward by Han et al. (2009).

It can be argued conceptually that women-owned firms are more likely to be discouraged borrowers than firms owned by men. It is expected that women SME owners are more likely to be discouraged borrowers than male owners for several reasons. First, while a minority of research studies report discrimination or disrespectful treatment (for example, Bigelow et al., 2012; Buttner and Rosa, 1992; Fay and Williams, 1993; Hil et al., 2007; Riding and Swift, 1990) they garner considerable attention on the media. As Haines et al. (1999, p. 305) observed: "...if women business owners are (possibly erroneously) informed that banks discriminate against

them, they may well avoid lending institutions and forego growth opportunities." Second, research suggests that women have relatively a stronger degree of risk-aversion (Powell and Ansic, 1997; Constantinidis et al., 2006, Chaganti, 1986). Third, Verhuel and Thurik(2000, p. 334) postulate that "lack of confidence of female entrepreneurs in their own entrepreneurial capabilities may be attributed to a relatively negative self-perception" and Sara and Peter (1998, pg. 231) assert that, "... not only female business owners are less likely to use institutional arrangements such as bank overdrafts and loans, they are also less likely to take advantage of cheaper sources such as extended supplier credit...". Fourth, Robb and Wolken (2009) report that Dun and Bradstreet credit scores tend to be lower for female-owned businesses than for male-owned firms (although this may alternatively reflect sector, size and age of firm). To this point, Robb and Wolken (2002) and Hendon and Bell (2011) find that women are more likely to borrow through the use of credit cards which are typically more expensive sources of capital than other loans and which are usually extended for a shorter time periods.

## **Methodology**

This study investigates the research questions by estimating two hierarchical logistic regression models. In the first, the dependent variable is a dichotomous variable corresponding to the likelihood of seeking finance. In the second model, applied to the subsample of firms that do not seek financing (see Figure 1), the dependent variable reflects whether or not the owner did not seek financing out of a fear of being turned down. In both models, control variables include firm-specific (age, size, industry, etc.) and owner-specific characteristics (education, experience, etc.). In both models, the base model comprised only control variables and was then re-estimated after adding a categorical variable representing gender of ownership.

The data are drawn from the Survey on Financing of Small and Medium Enterprises 2004 conducted by Statistics Canada between September 2004 and March 2005. The target population consisted of private sector non-financial enterprises with fewer than 500 employees and annual gross revenues of less than \$50 million. A random sample of 34,509 enterprises was selected from the target population. Computer Assisted Telephonic Interviews (CATI) used a survey instrument to collect information related to enterprises and their primary owners. Telephone follow-up was used to increase response rates and valid responses were received from 12,487 enterprises, a response rate of about 50%. The businesses were weighted based on region, industry type, size and age of the business. Sampling weights were applied in compiling all estimates.

## **Results and Implications**

Contrary to the findings of Orser et al. (2005), it is also found that majority-female owned firms are less likely than male-owned firms to need finance, holding other variables constant. According to Sexton and Bowman-Upton (1990, p. 29-30), "female entrepreneurs are less willing than male entrepreneurs to become involved in situations with uncertain outcomes (risk taking)...". This finding also lends some support to Fabowale et al. (1995), Hil et al., (2007) and Verhuel and Thurik (2000) in the sense that females might have low confidence and a negative self-perception.

The primary finding of this work is that, holding all other owner-specific (owner experience) and firm-specific characteristics (firm age, size, location, industry, etc.) constant, majority-female-owned firms are significantly more likely to be discouraged borrowers. This finding is in direct contrast to those of Freel et al. (2012) that gender and discouragement are not significantly related. This work reports both descriptive statistics and multivariate analyses that indicate that female-owned firms are consistently and significantly more likely to be discouraged borrowers as compared to majority-male owned firms, after holding various firm-specific and owner-specific characteristics constant. This suggests that even if majority-female owned firms need finance, they do not apply for loans because they fear denial. This discouragement arguably constrains job-creating growth of many women-owned firms and may partially explain why women-owned firms tend to grow less rapidly than those owned by men. To ameliorate this, women business owners would be especially well-advised to cultivate a working relationship with a loan account manager as this reduces the likelihood of discouragement among SMEs. This will help in relationship building and thus may encourage female-owned firms to apply for a loan when they need it.

**Track title: Innovation**  
**Paper title: Coopetitive Interactions within Networks: Innovation Dynamics in Entrepreneurial Ecosystems**

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**Keywords:** entrepreneurial networks; innovation dynamics; coopetitive interactions; entrepreneurial ecosystems; value creation

## **Aim of the Paper**

This paper analyses important theoretical work conducted in the research streams of cooperation, entrepreneurship, and innovation. While innovation is acknowledged as a desirable and empirically verified outcome of cooperation between firms, academic research has not systematically examined cooperative dynamics within entrepreneurial ecosystems. This study aims to investigate the new field of cooperation in an entrepreneurial ecology. This is to understand how entrepreneurial actors involved in networks manage the cooperation/competition balance to create value and achieve growth.

## **Background Literature**

### *Entrepreneurial clusters: towards innovation led growth*

Entrepreneurial activity acts as a key contributor of economic development and growth at different levels. Significant inputs from entrepreneurs to economic growth are mainly attributed to an accelerated path of creation, diffusion, and application of innovative ideas (Butel and Watkins, 2006). Though it is claimed that entrepreneurs are spontaneously not interacting in a cooperative manner, networks of entrepreneurs are reportedly developing over time based on an interest in similar opportunities. One of the primary advantages of entrepreneurial networks is the rapid identification and availability of resources in the environment. In the same perspective, entering in networks helps entrepreneurial actors to acquire information that is relevant and effective for them. In addition, it is evident that when knowledge capabilities and interdisciplinary interaction are exchanged between members, significant outcomes arise for both innovation and organizational performance. Nevertheless, although innovation is a multilevel phenomenon, little research has been conducted to integrate those dynamics in organization theory (e.g. Gupta et al., 2007; Morgeson and Hofmann 1999).

### *Value creation in cooperation: an ecological view*

Firms usually harness both internal and external sources to have access to information, technologies, innovation, business practices, and/or networking with other companies that can enhance growth and profitability (Narayanan et al, 2008). Close collaboration, new forms of partnerships and knowledge networking can result in inter-organizational learning and dissemination of new, valuable information. While networks facilitate information flows across organizational boundaries, previous research has also shown that network organizations result in increased survival of the firms while generating weaker competition (Solitander and Tidström, 2010). Individual companies do not have the financial strength to invest in new forms of technology, systems, and knowledge and thus are met with a limit of growth. As a result, the adoption of systems that help organizations to retain and transfer knowledge, has become an element of increased interest, with firms establishing alliances with partners who have strong capabilities and broad social capital to benefit from their knowledge resources.

Mutualizing diverse resources and access to knowledge in the surrounding environment is seen as beneficial for entrepreneurial actors. Benefits for entrepreneurs shall however be nuanced by the relative power of entrepreneurs and the impact of the emergence of opportunistic behaviors. On one hand, the search of opportunities in the environment is claimed to be a key element in entrepreneurial activity (Shane and Venkataraman, 2000; Short et al, 2010) while the ability to mobilize resources to exploit these opportunities is also central for success (Butel and Watkins, 2006). On the other hand, the concept of value creating ecology emphasizes the eventuality of a mutualization of resources beyond the cluster level and further suggests the diffusion of resources across the ecosystem. In such cases, cooperative flows between entrepreneurial actors is a common phenomenon, linked with an imperious need to search and find new opportunities and take the form of intangible flows. We therefore put forward that reflective knowledge of cooperative relationships is instrumental for entrepreneurial growth and success. This places knowledge as a key driver of value creation of the entrepreneurial ecology (Hearn and pace, 2006).

In this context, cooperative entrepreneurs in the value creation ecology reach an equilibrium in balancing knowledge creation and knowledge capture processes. Additionally, competition in the entrepreneurial ecosystem is most likely to originate in the attainment of innovative value propositions, which will be further supported (or not) by the ecology. However, research about the impact of networks on entrepreneurship is still scarce. Few studies on cooperation have specifically taken into account the novelty of firms inherent to the study of entrepreneurship. In addition, there is also the need to elaborate on the ways by which organizations exploit the opportunities and manage the challenges of knowledge accumulation inside as well as beyond organizational boundaries.

## **Methodology**

The paper examines and compares cooperative dynamics in entrepreneurial networks, by employing a resource-based view of the firm and knowledge-based innovation to provide a new cooperation perspective on entrepreneurial networks. The model proposed is embedded into a wider entrepreneurial eco-system theory in

which entrepreneurial clusters co-creation is highly dependant of knowledge creation and knowledge capture opportunities as seedbed for innovation.

## **Results and Implications**

Based on a multi-level approach, we argue that coopetition between entrepreneurial actors at different levels (individual, firm level, inter-firm level, network level) initiates dynamics that are source of knowledge creation and new developments (innovative value propositions), and thus further creates new opportunities for actors involved. We herewith claim that coopetitive dynamics provide such a nest of multi-level resources and opportunities for entrepreneurial actors: dynamics of the market and relationships between entrepreneurial firms generate an increased capability to identify new opportunities and to exploit them for innovative developments. It is compatible with a multi-dimensional view of coopetition that encompasses the degree of coopetitive dynamics (including variations in level) along with a temporal and a directional dimension (horizontal/vertical relationships). As such, the interactions between different levels (entrepreneurial firm level vs. entrepreneur to entrepreneur level) are evolving according to market changes, which, in turn, result in opportunity changes. Coopetition therefore appears as central to initial stages of entrepreneurial activity and likely to increase chances of survival of the firm in balancing the sharing of costs and resources to create additional opportunities. Furthermore, coopetitive behavior is particularly appropriate in an unpredictable environment, where the kind of resources and market opportunities to exploit are subject to change and evolve without formal possibility to predict the emergence of new patterns.

### *The case of coopetition in entrepreneurial clusters*

We suggested that cluster dynamics of entrepreneurial relationships result in both cooperative and competitive flows that are emerging at different levels over time. This approach implies that a desired level of cooperative flows may be more critical at certain stages of entrepreneurial life while competitive flows at a given level may present a higher interest for entrepreneurs at other stages. Entrepreneurs at an early start-up phase may for example focus efforts on cooperative relationships mostly, in order to foster information and knowledge sharing with other firms (knowledge about the market, new opportunities, etc...) while entrepreneurs having reach an development and growth phase would increase competitive behavior in trying to limit the advantage of other entrepreneurs in the cluster to guarantee their own survival and sustainability. Such alternance of coopetitive relationships is observed between companies in network (Kock et al, 2010). This moving balance of cooperation and competition behaviors introduces a cyclic conception of coopetition in entrepreneurial clusters, with the underlying idea of understanding, analyzing and managing knowledge flows along the entrepreneurial life cycle, from early stage to growth and more mature stages.

This paper attempts to provide new perspectives on the growing academic field of coopetition and entrepreneurial networks. The main contribution of this paper is the development of a framework that supports the existence of coopetition relationships as a driver of entrepreneurial growth. This paper thus places the modelization of coopetition dynamics in entrepreneurial clusters as a first attempt to further capture and develop innovation perspectives in an entrepreneurial ecology. Moreover, the framework is to be used operationally, which includes decision making about how, when and with whom to cooperate to thrive own's firm growth and innovation capabilities, should it be at the firm level (reciprocal benefits) or at the network level (global benefits).

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## **Abstract for ICSB conference**

### **Track title**

Entrepreneurship in Different Contexts

### **Paper title**

Entrepreneurship in a Transition Context: 2001 Revisited

### **Aim of the paper**

The aim of this paper is to identify the main characteristics of entrepreneurship in transition economies, together with the way these are interpreted. Specifically the paper will focus on reviewing and updating a much cited paper published by the authors in 2001 entitled “The distinctiveness of entrepreneurship in transition economies”. This paper will provide a starting point from which change will be assessed

### **Background Literature**

This is a review paper rather than an empirically based one, although it is grounded in a large programme of empirical studies undertaken by the authors. In reviewing key literature related to entrepreneurship in transition economies, the paper will focus on literature since 2001; seeking to identify and characterise any distinctive features of empirical work undertaken during the 2001-2013 period and contrasting it with that which is reported in the 2001 paper.

### **Methodology**

The paper will be based on systematic literature review within the frameworks described above. This will include any fresh examinations of established themes reported in the 2001 paper but, more importantly, it will seek to identify any new themes and new interpretations which have emerged during this time.

### **Results and Implications**

Since the work is still to be undertaken it is premature to speak of results. We can speak of emerging themes on work that is on-going but we cannot talk of results at this time. Not surprisingly perhaps, one of the characteristics of studies that have been undertaken since 2001 is that they tend to be more specialised. The earlier studies in the mid-1990s which studied the survival and growth of SMEs contrast with studies 10 years later on topics such as trust. Furthermore, instead of narrowly focusing on transition countries alone, transition economies were drawn into larger projects that were designed to incorporate a variety of different operating environments. The effect was to widen the net of researchers that have undertaken research or became interested in entrepreneurship in these transition environments. This contrasted with the early 1990s when, though a track might be included in a conference, the number of participants in entrepreneurship and transition tracks were typically less than other topics. One might suggest that the transition context has become mainstreamed, with more researchers from outside the transition environment gaining experience of entrepreneurship in these conditions. At the same time, an emergence of centres of research on the transition countries, which in itself has contributed significantly to the number of people interested in this subject.

In the bigger picture, since 2001 two major events have occurred which have had, in turn, major implications for the study of entrepreneurship in transition context. The first is the enlargement of the

European Union, which took place in 2005 and 2007, which resulted in countries such as Poland, Hungary, Czech Republic etc. being drawn into a grouping which was strongly market-oriented. This both signalled their intentions with regards to on-going market reform but also gave them access to resources (both financial and technical) to contribute to these restructuring processes, which is the context in which the emergence of entrepreneurship and private SME development needs to be considered.

The second major event that has taken place during this period is the rapid emergence of China; not that this started in 2001 but the 13 years since then has seen China increasing its activity on world markets, with private sector development at the forefront. However, China has its own version of private enterprise which presents some differences, both with mature market economies but also with transition economies within Europe. The result of these two events is to make the topic of distinctiveness of entrepreneurship in transition more heterogeneous. Whereas in 2001 these authors, together with others, were writing simply about transition economies, in more recent years we have differentiated three groups: former Soviet republics that have remained outside the EU, new EU member states and China. The full answer to the question of distinctiveness of entrepreneurship in transition requires differentiation between these three groups.

There have also been developments with regards to research methods. This is partly because overtime the quantity and quality of secondary databases has improved, but also time has enabled an accumulation of research evidence which is now severalfold greater than it was in 2001. One of the opportunities that this has presented is to examine changes over time. One example is drawn from Estonia, where regular surveys in which the authors have been involved have described the change over time in the barriers to business development reported by entrepreneurs. Decreasing emphasis has been placed on regulatory and administrative barriers and greater emphasis over time has been placed on barriers such as competition from other small firms and competition with imports. Both may see as indicators of the emergence of the market-based economy.

The paper will contribute to the growing body of empirical evidence describing the different contexts in which entrepreneurship takes place. In 2001, the argument from transition economy focused researchers was a need for concepts and theories in entrepreneurship to be robust enough to accommodate transition conditions alongside those of mature market economies, which tended to be either explicitly stated or implicitly assumed. However, in the last 5 or 6 years, there has been a growing body of publications which emphasise the wider importance of social economic and institutional context, and clearly this has implications for the study on entrepreneurship in transition economies, which would appear to be less of a minority interest. But also it provides a route for transition economy research to be fed into the mainstream.

Finally, as one would expect, the post-2001 period has seen a growing number of papers critically assessing earlier work such as the critique of what is now seen as oversimplified surveys of barriers facing firms. In conditions where there is a lack of institutional trust with a commensurate emphasis on the importance of personal trust clearly researchers going into the field to ask questions about their attitudes and behaviours would sometimes be used with considerable suspicion. So, to summarise, the paper will review changes that have taken place since the distinctiveness paper was published in 2001 and this will have empirical, conceptual, methodological dimensions.

Clearly the balance between these three dimensions is likely to vary between topics. For example, the original paper had the heading “conceptualising entrepreneurship under transition conditions”. Here the questions would be, firstly, to what extent has our knowledge of entrepreneurship under transition

conditions changed over the period (bearing in mind the threefold distinction between transition contexts described above)? But more importantly, how is entrepreneurship in transition conditions conceptualised these days? Is it the same as in 2001 or has this evolved in line with developments within the field more generally? The original paper described different forms of entrepreneurship. Here the emphasis is on whether or not there are forms of entrepreneurship that we are now aware of, particularly given the wider groupings of transition economies. Are these different forms viewed the same or differently? The third topic in the original paper was an empirically-based one concerned with the characteristics of entrepreneurs and small enterprises under transition conditions. This was divided between characteristics of entrepreneurs and characteristics of enterprises. Here the key question is the extent to which empirical investigations that have taken place since 2001 have added to or changed the picture painted in the original 2001 paper. The fourth and final topic examined in the original paper concerns the role of government in shaping entrepreneurship under transition conditions. It is fair to say that since 2001 there has been an enormous growth of interest amongst entrepreneurship researchers in the role of government policy more generally. As a result, this is an area where considerable amount of additional research has been undertaken, which enables perhaps a more informed analysis of the role of government in transition to take place.

## Entrepreneurial assets and mindsets: benefit from university entrepreneurship education investment

### Abstract

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**Keywords** entrepreneurial mindset, alertness; risk-taking; entrepreneurship education

**Aims** –This study explores the linkage between university entrepreneurship-specific education (ESE) investment, alertness and risk-taking asset accumulation, and the outcome relating to the intention ‘to become an entrepreneur’ (henceforth termed an ‘entrepreneurial mindset’). Context needs to be considered when exploring the benefits of ESE. Most ESE studies are conducted in developed country contexts, and their findings may not be generalizable elsewhere. Replication and extension of previous studies in contrasting geographic and cultural contexts are needed. We take up this challenge. Evidence was gathered from students located in three universities in the city of Nikolaev in the Ukraine, which has a population of 500,000 people. Building upon insights from a dynamic view of human capital theory, the purpose of this study is to explore the following three research questions with regard to the transition Ukrainian context: Do students who participated in ESE report a higher intensity of entrepreneurial mindset than students who did not? Do students who participated in ESE cite alertness specific human capital assets and report higher intensity of entrepreneurial mindset? Do students who participated in ESE cite risk-taking specific human capital assets and report higher intensity of entrepreneurial mindset?

**Literature review** – Debate surrounds whether or not entrepreneurship can be taught and learned at universities. Also, debate surrounds who should be trained, how, and by whom (Henry et al., 2004; OECD, 2011). Calls have been made for more studies to focus on how university ESE is related to student intentions to become entrepreneurs (Pittaway and Cope, 2007; Neck and Greene, 2011; Martin et al., 2013; Walter et al., 2013). Despite the rapid growth in ESE, relatively few evaluation studies exploring the benefits of ESE have been conducted. Many studies fail to assess what skills and assets developed in ESE encourage student to report higher intensity of entrepreneurial mindset (Souitaris et al., 2007; Oosterbeek et al., 2010). Currently, there is no clarity about the specific skills required for enterprise. Students who participate in ESE are assumed to accumulate assets that can be mobilized to promote the outcome relating to the intention ‘to become an entrepreneur’ (henceforth termed an ‘entrepreneurial mindset’).

The accumulation and mobilization of general and specific human capital by individuals is widely used to explain the propensity of some people to become entrepreneurs (Unger et al., 2011; Westhead et al., 2011). This is a static interpretation of human capital. Human capital is shaped by an individual’s social context before and during the entrepreneurial process. Stimulated by insights from Becker’s (1975) learning perspective of human capital, a call for studies to consider a more dynamic interpretation of human capital in the field of entrepreneurship has been made. Following Martin et al., (2013), a dynamic view of human capital examines the relationship between human capital investments in ESE (i.e., inputs relating to the time and money taking university ESE); human capital assets, which represent the assets that may be garnered from the investments in ESE, such as skills and knowledge; and entrepreneurship outcomes such as entrepreneurial mindset, propensity to start a new firm, and/or engage in enterprising behaviour in new, established, small, and large private and social enterprises. Here, we assume an investment in ESE at university can facilitate the accumulation of human capital assets relating to alertness and risk-taking entrepreneurial assets required to discover and/or create business opportunities, which promote the outcome of relating to the intensity of entrepreneurial mindset.

Guided by insights from human capital, alertness (Tang et al., 2012) and risk-taking perception (i.e., assessment of risk in a given situation) and propensity (i.e., ability to take or avoid risk) (Sitkin and Pablo, 1992; Busenitz, 1996) Theory, we derive the following hypotheses:

- H1. There is a positive relationship between student participation in ESE and high intensity of entrepreneurial mindset.
- H2. Student participation in ESE will positively moderate the relationship between ESE and (a) scan alertness, (b) connection alertness, and (c) evaluation alertness specific human capital assets and high intensity of entrepreneurial mindset.
- H3. Student participation in ESE will positively moderate the relationship between ESE and (a) risk-taking perception and (b) risk propensity specific human capital assets and high intensity of entrepreneurial mindset.

**Approach/Method**– To test our hypotheses, we gathered information from bachelor and masters students in Nikolaev in the Ukraine. Students were either enrolled in business studies or engineering courses at one of three universities. ESE is compulsory for business students in each university. A structured questionnaire was administered between May and December 2012 to business students. Also, a structured questionnaire was administered between May and December 2012 to a control group of engineering students who are not allowed to take ESE courses in ESE. However, their technical training provides them with the potential to establish knowledge and technology-based firms.

At the European University, 280 business students had taken ESE by April 2012. A random sample of 45 business students was hand-administered a paper-based questionnaire during a class, and 29 responses were obtained (64% response rate). Information was also gathered from a random sample of 17 engineering students. At the National University of Shipbuilding, 536 business students had taken ESE by February 2012. A random sample of 100 business students was hand-administered a paper-based questionnaire during a class, and 75 responses were obtained (75% response rate). Information was, in addition, gathered from a random sample of 47 engineering students. At the Petro Mohyla Humanitarian University, 320 business students had taken ESE by February 2012. A random sample of 30 business students was hand-administered a paper-based questionnaire during a class, and 21 responses were obtained (70% response rate). No engineering students were contacted due to difficulties relating to access. In total, responses were gathered from 189 students.

The profiles of the 125 business student respondents (71% response rate) and the 64 business student non-respondents were compared. Chi-square tests failed to detect significant differences between the respondents and non-respondents with regard to university origin, age, gender, and degree course at the 0.05 level of significance. No response bias was detected. Thus, we can generalize from the sample of business students to the population of business students who had taken ESE at the three universities.

A Harman one-factor test relating to all independent and control variables suggested that there is no evidence to suggest common method bias. Variance inflation factor scores suggest that the presented OLS models are not seriously distorted by multicollinearity. Power analysis confirmed that the sample was large enough to test two-way interactions. Hierarchical multiple ordinary least squares regression analysis and slope analysis were used to test presented hypotheses.

**Results/findings** – Hierarchical multiple OLS regression analysis was used to explore variations in the mindset intensity dependent variable. Model 1 is the baseline control variable model. Those from self-employment and/or business ownership backgrounds (Parents) ( $p < 0.05$ ) reported a higher intensity of entrepreneurial mindset. None of the university dummy location variables were significant.

Building from this baseline model, to test hypothesis H1, we included the participation in ESE variable in Model 2. ESE is positively associated with higher intensity of mindset. Hypothesis H1 is supported.

Model 3 includes the five two-way interaction variables linking participation in ESE with alertness and risk-taking assets. The interaction between participation in ESE and connection entrepreneurial alertness asset (ESE\*C) ( $p < 0.05$ ) is significantly positively associated with higher intensity of mindset. In order to further examine the interaction results, the two-way interactions regarding connection alertness are plotted. The slope is positive and significant for ESE students ( $\beta = 0.13$ ,  $t = 2.024$ ,  $p < 0.05$ ), but negative and non-significant for non-ESE students ( $\beta = -0.10$ ,  $t = -1.581$ ). This means that ESE students are more oriented to higher entrepreneurial mindset when they have accumulated more connection entrepreneurial alertness asset. Consequently, this supports hypothesis H2b. However, hypotheses H2a and H2b are not supported.

Contrary to expectation, the interaction between participation in ESE and risk perception asset (ESE\*RC) ( $p < 0.05$ ) is significantly negatively associated with higher intensity of entrepreneurial mindset. In order to further examine the interaction results, the two-way interactions regarding risk perception are plotted. For ESE students the slope is negative and significant ( $\beta = -0.15$ ,  $t = -2.07$ ,  $p < 0.05$ ), but for non-ESE students the slope is positive and non-significant. This means that ESE students are more oriented to higher entrepreneurial mindset when they perceived less risk. Hypotheses H3a and H3b are not supported.

**Implications and value** – Assets relating to entrepreneurial alertness and risk-taking perception need to be honed in transition economy contexts associated with political structures that did not promote individual risk-taking. With reference to a transition economy context, the provision of ESE in universities can increase the pool of students reporting higher intensity of entrepreneurial mindset. This study makes a novel contribution by considering whether ESE promotes different elements of entrepreneurial alertness and risk-taking assets. Building upon insights from a broader conceptualization of the entrepreneurial alertness asset (Tang et al., 2012), we conceptualized for the first time the linkage between three elements of entrepreneurial alertness and student entrepreneurial mindset. Further, we conceptualized linkage between two elements of risk-taking relating to risk-taking perception asset and risk-taking propensity asset, and higher intensity of entrepreneurial mindset. Assets relating to entrepreneurial alertness and risk-taking perception need to be honed in transition economy contexts associated with political structures that did not promote individual risk-taking.

With reference to a transition economy context, we have confirmed that the provision of ESE in universities can increase the pool of students reporting higher intensity of entrepreneurial mindset. Practitioners need to appreciate that university ESE dynamic

human capital investments that hone the accumulation of the connection entrepreneurial alertness asset can increase the pool of students reporting higher intensity of entrepreneurial mindset. We interestingly detected that ESE students who become more risk averse, or more or realistic, relating to risk perception reported higher entrepreneurial mindset in a transition economy context. To increase the pool of potential entrepreneurs, ESE in transition economies should, therefore, encourage more students to hone the latter assets.

Data was collected from university students who followed business or engineering courses in three universities in the Ukraine. Findings are generalizable to this context. Additional research is warranted in other universities in the Ukraine and other countries to verify the generalizability of the findings in other contexts.

## **Revisiting the State of Entrepreneurship Education in the United States**

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### **Keywords:**

*Entrepreneurship Education, Entrepreneurship Pedagogy, Entrepreneurship Trends*

**Track Title:**

Education

**Paper Title:**

Revisiting the State of Entrepreneurship Education in the United States

**Aim of the Paper:**

This paper seeks to provide an analytical overview of the current state of entrepreneurship education in the United States for the years 2011-2012. Moreover, this paper is based on the seventh survey of entrepreneurship educators in the United States since 1979, with last run of the survey covering the years 2004-2005. Therefore, we offer both a snapshot of the current state entrepreneurship education in the United States and an examination of the trends and changes to entrepreneurship education in the United States over time.

Scholars and researchers in entrepreneurship education in the United States have reported that small business management and entrepreneurship courses at both the two- and four-year college and university levels have grown in both the number and diversity of course offerings from 1990-2012. This expansion of educational offerings has been fueled, in part, by dissatisfaction with the traditional *Fortune 500* focus of business education voiced by students and accreditation bodies (Solomon & Fernald, 1991). *The National Survey of Entrepreneurship Education* is the country's oldest and most comprehensive surveys on small business management and entrepreneurship education dating back to the initial survey conducted in 1979 by Dr. George T. Solomon, Co-Director of The George Washington University Center for Entrepreneurial Excellence (CFEE), as part of his doctoral studies.

This continuation of the National Survey of Entrepreneurial Education:

- Expands on earlier studies by collecting data on credit and non-credit courses and programs at both the undergraduate and graduate level in small business management and entrepreneurial education offered at two- and four-year colleges and universities in the United States.
- Examines pedagogies and innovative delivery mechanisms, such as virtual and Internet based programs, and their effect on the upcoming generation of entrepreneurs.
- Captures information about Social Entrepreneurship, both current and projected offering in the future, which enables an accurate assessment of current course offerings of this unique subset of entrepreneurship education.

**Background Literature:**

While the full manuscript casts a wide net across the literature on entrepreneurship pedagogy, as well as the most recent works in this space, for the purposes of this abstract the literature mainly follows:

- Solomon, G. T. (1986). *National Survey of Entrepreneurial Education* Vol. 1-6, U.S. Small Business Administration, National Center for Research in Vocational Education
- Solomon, G. T. & Fernald, L. W. (1991). Trends in small business management and entrepreneurship education in the United States. *Entrepreneurship Theory and Practice*, Vol 15 (3), 25-39.
- Solomon, G. T., Duffy, S., & Tarabishy, A. (2002). The state of entrepreneurship education in the United States: a nationwide survey and analysis. *International Journal of Entrepreneurship Education*, 1(1), 65-86.
- Solomon, G. (2007). An examination of entrepreneurship education in the United States. *Journal of Small Business and Enterprise Development*, 14(2), 168-182.

**Methodology:**

In partnership with the Kaufman Foundation, an online survey instrument was developed featuring the following five main components:

- Background information on the respondent and his/her institution
- Pedagogies, subject matter, and materials
- Technology
- External and international components and partnerships
- Impact

An anonymous survey response link created, which impedes the ability to concretely articulate response rate, as individual respondents were not identified and contacted; rather, the research team identified channels that were most likely to reach our population of interest, college and university entrepreneurship faculty and staff. Through partnerships with organizations such as AOM, USASBE, and ICSB, calls for responses were disseminated via established listservs and through targeted groups on online social networks, such as LinkedIn's "Entrepreneurship Educators Network."

The results of our first wave of data collection offer the ability to juxtapose current responses against our prior work and place our "finger on the pulse" of today's higher education landscape in the context of entrepreneurship education. This first wave contains 122 completed responses, all coming from four-year universities save for five responses from two-year colleges and two responses from 2-year universities. Using this information, we aim to provide an outlook of U.S. entrepreneurship education, growing movements, and perhaps a starting point for those planning to launch their own entrepreneurship program, course, or center.

### **Results and Implications:**

Overall, entrepreneurship majors, minors, and programs continue to increase throughout the U.S., although the latter programs still lag behind widespread and arguably ubiquitous business programs. The largest area of growth within entrepreneurship education is undergraduate minors in entrepreneurship, followed by undergraduate concentrations and then majors in entrepreneurship. In contrast, general business programs outnumber their entrepreneurship counterparts, except with respect to undergraduate concentrations and graduate certificates. Student enrollment in the aforementioned business programs follows the same trajectory as the number of programs offered. The largest portions of students are enrolled in undergraduate business majors, while the lowest enrollment occurs within graduate certificate programs (with PhD/DBA programs only slightly higher).

While course offerings regarding entrepreneurship have evolved beyond simple "intro" style entrepreneurship courses, this type of course still prove to be the most frequently offered. In order of most popular to least popular, the following course offerings are most prevalent: Entrepreneurship, Business Planning, Entrepreneurial Financing, New Venture Creation, Innovation, Creativity, Other, Small Business Consulting, Entrepreneurial Marketing, Small Business Management, Family Business, New Product Development, Small Business Finance, Small Business Strategy, Venture Capital, Technology, and Franchising. New and emerging course offerings, designated as "Other" above include: Entrepreneurship in the Arts, Managing Stakeholder Relationships (Networking), E-commerce, Organizational Development and Change, Ecopreneurship, Social Entrepreneurship, Corporate Entrepreneurship for Global Competitiveness, New Venture Consulting, Internship/practicum, Intellectual Property, Entrepreneurial Growth, Launch and Leadership, Global Entrepreneurship, Biomedical Commercialization, Women Entrepreneurs Business Plan Consulting, Legal Aspects of Entrepreneurship, Strategy and Tactics, Urban Entrepreneurship, Entrepreneurship and Liberal Education, Entrepreneurship of the Event, Opportunity Assessment, M&A for Small Firms, Buying a Small Business, and Commercializing Innovation.

Indeed, schools are seeing social entrepreneurship increase not only as a subject in the classroom, but emerging as a program of its own. Degree programs, for example, now range from undergraduate majors to doctoral programs in social entrepreneurship. Of these degree programs in social entrepreneurship, the years in which the course(s) were first offered ranged between 1978 and 2012; the average year was 2006, while 2009 was selected most often. 25 other respondents indicated that though they do not currently offer a social entrepreneurship course(s), they are in the process of developing and offering the latter.

Entrepreneurship professors are increasingly finding homes in new entrepreneurship centers, departments, and more. Not only are the aforementioned entrepreneurship centers and positions growing, but they are also accompanied by the adoption of similar initiatives throughout colleges and universities, including:

- Incubators
- Students in Free Enterprise (SIFE) Chapters
- Entrepreneurship Fellows Program
- Family Business Centers
- Venture Accelerators

Responsibility and oversight for the above and for entrepreneurship curriculum falls on the shoulders of many different sources. Primarily, entrepreneurship courses and curriculum are housed within a college or school of business, an entrepreneurship center, or existing academic departments. To fund these courses, programs,

research initiatives, and more, grants and donations are often sought after through external sources. A majority of respondents indicated that they have received financial support in the past 5 years.

Greater depth and detail of the aforementioned metrics, as well as many further insights are available in our full manuscript, including sources of financial support, types and styles of pedagogy and learning materials used, periodicals, cases and academic journals used, subjects covered, and technologies employed.

The top three trends to become prominent in entrepreneurship education in the next five years, as predicted by entrepreneurship faculty and staff at institutions of higher education, are (in rank order):

1. Social entrepreneurship: programs, topics, focus, ventures
2. Rise of social media
3. Cross-disciplinary emphasis

The growth of the business model (as opposed to the business plan) and online education fill the last two spots, respectively, within the top five predicted trends.

Track Title: Policy

Paper Title:

**Supporting SMEs through Policies Enhancing Inter-firm  
Cooperation between Large Enterprises & SMEs: South  
Korea's Policy Experience and Implications**

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<Abstracts>

Cooperative activities can contribute to enhancing the profitability of suppliers. However certain types of cooperative activities, which are required for each of relationship stages, must be implemented. This paper argues that current policy, which focus on short-term relationship improvement through fair trade and reasonable pricing, is not relevant in the Korean high-context culture. This inconsistency explains why current policies partly succeeded to improve SMEs' performance through the large firm-SME cooperation. This paper examines this hypothesis by surveying SMEs and reviewing current policies that support LE-SME cooperation and provides policy implications and cross-cultural solutions.

Key words: LE-SME Cooperation Policy (Inter-firm Cooperation Policy between Large Enterprises & SMEs), South Korea, High-Context Culture, Long-term Relationship

## Large enterprise-SME Cooperation and Economic Growth

The Korean economy has achieved remarkable growth over the past six decades. Korean government strategically supported and fostered large enterprises by providing various preferential incentives in the process of economic development of Korea to effectively utilize its

scarce resources. This policy which oriented to the development of large enterprise first is often criticized because the policy might have intensified inequalities between the development of large enterprises and that of SMEs in the midst of the rapid economic growth of the past 60 years. However, large enterprises developed and fostered low cost domestic SME suppliers, and maintained long-term relationships with them. It is postulated that the long-term relationship played an important role in obtaining competitiveness of Korean enterprises in the global market in the midst of continuous economic development of Korea. The relationship between large enterprise and domestic SME suppliers of Korea was based on the, so called, high-context culture which can be characterized as tacit, repetitive, continuous and non-explicit. In particular, the culture of LE-SME inter-firm cooperation was the driving force behind Korea's growth.

<FIGURE 1> HERE

## Background Literature: High-Context vs. Low-Context Culture

The high-low context classification, originally developed by Hall(1977), was used to describe the extent to which spoken statements conveyed the sum total of message's content. In low-context cultures, the message speaks for itself and additional interpretations are not necessary. In high context societies, what is said must be interpreted along with the circumstances under which the **message was conveyed**. Low-context cultures rely on elaborate verbal explanations, putting much emphasis on spoken words. Tend to be in northern Europe

and North America, speech should express one's ideas and thoughts as clearly, logically, and convincingly as possible. Communication is direct and explicit. Agreements are concluded with specific, legal contracts. A high-context culture emphasizes nonverbal messages and use communication as a means to promote smooth, harmonious relationships. In East Asian cultures, showing impatience, frustration, irritation, or anger disrupts harmony and is considered rude and offensive.

## Economic Crisis and Large enterprise-SME Cooperation

The LE-SME cooperative relationship, however, was heavily challenged when the Asian financial crisis hit the Korean economy at the end of 1990s. Many large firms liquidated and the traditional system of **vertical integration centered on** large enterprises was weakened. SMEs that failed to respond to such changes also suffered, and the gap between LEs and SMEs widened. Relationships based on a high-context culture are particularly suitable for gradual change and can respond well to moderate environmental changes. However, once the degree of environmental change exceeds a certain level, the weaknesses of a high-context culture are exposed. During the economic crisis, existing inter-firm cooperation model broke down. Long-term inter-firm relationships were forced to be replaced by short-term relationships such as competitive bidding. Tacit and informal contractual relationships led to imbalance in performance due to opportunistic behavior and gaps in bargaining power among firms.

Korea realized that its economy faces limits in its growth strategy based on the traditional Korean growth model, and that it needs to introduce a new growth model based on cooperation between large enterprises and SMEs. It was from this perspective that the Korean government began to emphasize the concept of "Mutual Growth," and started to exert efforts to promote "Collaboration between Large Enterprises and SMEs. based on the new cooperation model"

In March 2006, Korean government announced "Acts for Promoting Large and Small Business Cooperation" to "enhance the competitiveness of both large and small companies by solidifying cooperative relationships between large companies and SMEs, which contribute to sustainable growth of the national economy."

## Aim of the Paper: Research Motivation

Closer, long-term relationships are needed in order to minimize the transaction costs. (Kalwani & Narayandas 1995; Corsten & Kumar 2005) Therefore, long-term relationships can contribute to enhancing the profitability of suppliers. However certain types of cooperative activities, which are required for each of relationship stages, must be implemented. In Korea it is criticized that cooperative activities between large and small business are focused mainly on simple business support and/or fair trade instead of collaborative activities such as NPD or knowledge co-creation. (Kim et al. 2006).

Efforts were made, from the government level, mainly to eliminate unfair trade practices, arising from imbalances in power in the inter-firm relationship, by replacing the implicit and verbal contract culture of the past with an explicit contract culture. Government introduced an official "contract guidelines" for large enterprise and SMEs. The guideline recommends to use written contracts when signing and modifying contracts (no verbal placement of orders), to set reasonable unit prices that reflect rise in raw material prices, exchange rate fluctuations and inflation, and to determine payment prices through calculative methods, no unfair cost reductions. Guideline for selection/operation of suppliers was introduced too. The guideline recommends large enterprise to provide clear criteria for partner company registration and cancellation, to ensure objectivity and transparency of its partner selection procedure, and to provide equal opportunities to participate in biddings. The proportion of payments in cash or cash equivalents has increased dramatically from 44% in 2000 to over 93% in 2009 while the percentage of payments in promissory notes has decreased from over 55% to 5% in the same period. These results show an overall a very impressive result in an introductory phase.

## Methodology

This paper argues that current policy, which focus on short-term relationship improvement through fair trade and reasonable pricing, is not relevant in the high-context culture. This incongruency explains why current policies partly succeeded to improve SMEs'

performance through the large firm-SME cooperation.

	High-Context Culture	Low-Context Culture
Long-term relationship	Cell 2	Cell 1
Short-term relationship	Cell 3	Cell 4

According to Table 2, Current government policy covers Cell 3 and Cell 4. But this study posits that policy that covers Cell 2 and Cell 4 is desirable and effective. As government policy emphasizes on the short-term cooperative methods such as fair transaction and pricing, large company would switch limited cooperation resources from long-term relationship to short-term relationship. Therefore cooperation policy and cooperative business practices take a effect only in short-term relationship. This paper will test this hypothesis by surveying SMEs and reviewing current policies that support LE-SME cooperation.

## Results and Implications

### Preliminary Findings

Data were collected by on-line survey of SME suppliers in automobile, electronics, telecommunications, and steel industries. (n=158)

We found that the ratio of sales attributable to the biggest buyer moderated the effect of cooperation or platform on the supplier's profitability. When the transactional sales portion is higher than 50%, cooperation did not influence supplier's profitability. But, for those with the sales portion equal or less than fifty percent, there were some significant correlations.

<FIGURE 2> HERE

#### Implications

This study provides meaningful implications for deploying resources in different relational conditions. This paper also shows that policies that support business cooperation must consider cross-cultural differences especially in turbulent environments such as economic crisis.

Figure 1. Economic Crisis and its Impact on Inter-firm Relationship

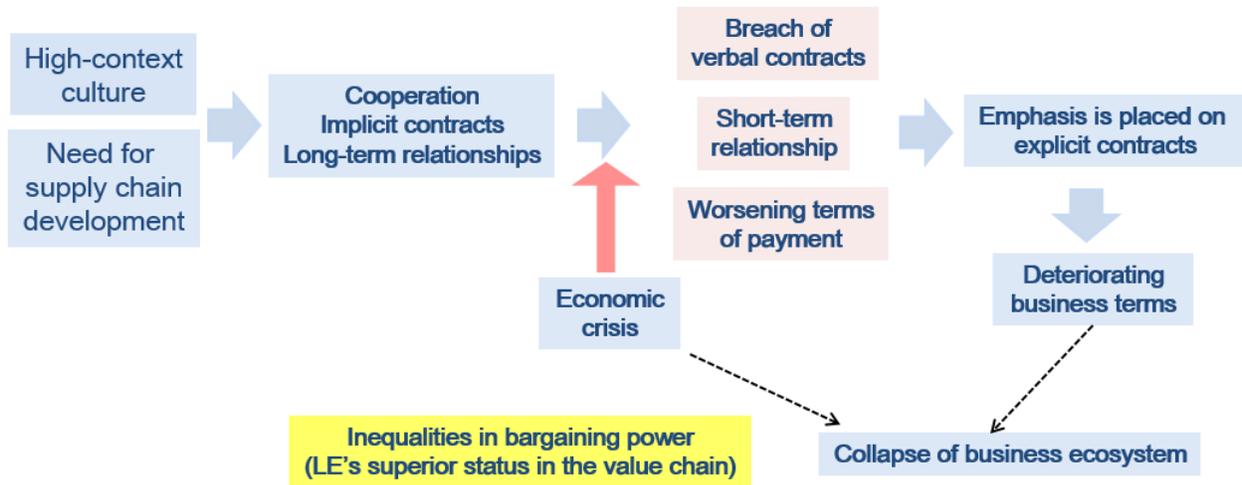
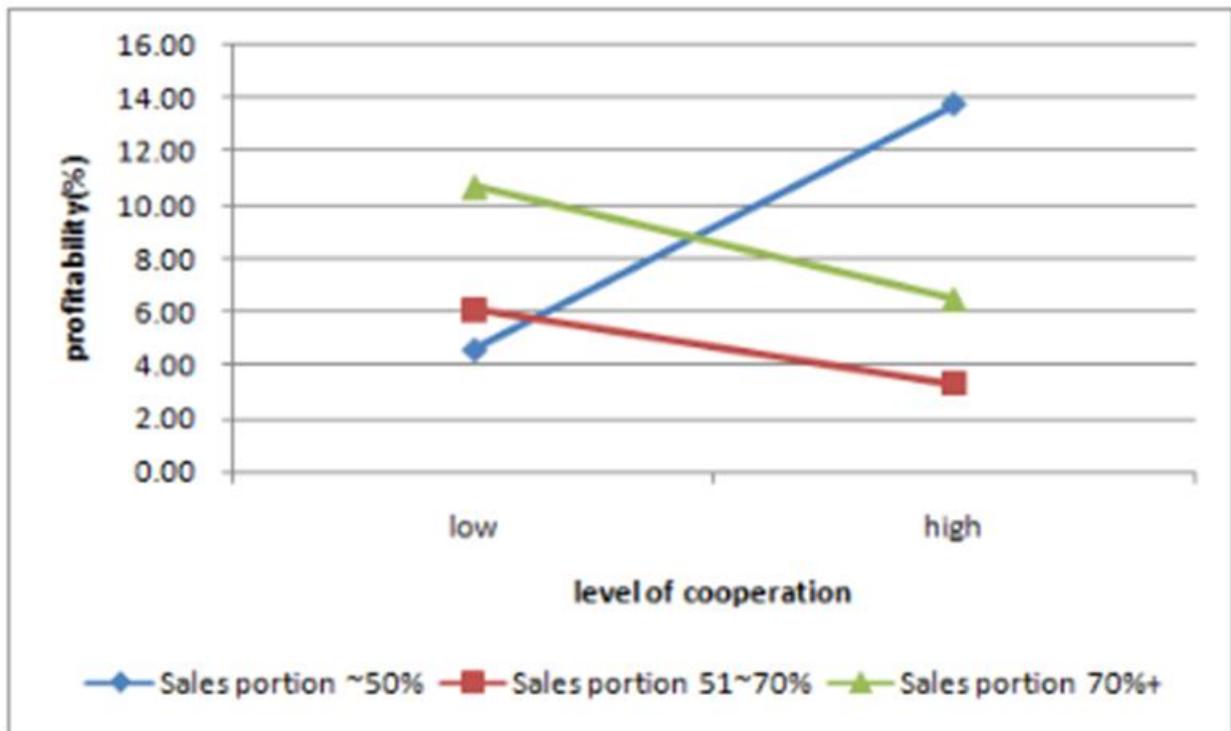


Figure 2. Effects of cooperation by sales portion



# Corporate Social Delinquency: A Comparative Analysis of the Abuse in the Use of the Corporate Social Responsibility Label between Emerging and Developed Countries

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## Abstract

This study uses information from 283 firms from Canada, Romania and Tunisia to investigate i) the extent of and country-specific differences in corporate social delinquency (CSD) and ii) the factors explaining such a behavior. When the social and environmental dimensions of corporate social responsibility are simultaneously accounted for, four performance configurations emerge: 1) *corporate delinquents*; 2) *social delinquents*; 3) *environmental delinquents*; and 4) *corporate social responsible firms*. Overall, CSD is an issue as 3/4 of the firms are in the first 3 categories. However, not all issues receive the same attention in each country: comparatively, more Tunisian firms are corporate delinquents, more Canadian firms are social delinquents and Romanian firms are more environmentally delinquent than Canadian firms. A decisive manager's engagement toward CSR and a larger firm size are the most effective factors in reducing the delinquency level. A strong corporate financial performance is conducive to a higher performance level on social or environmental issues. As well, promoting sustainable innovation effectively reduces corporate social delinquency. Firms with male managers are no more delinquent than those with female managers. Some managerial and public policy implications are drawn.

**Key words:** corporate social delinquency; corporate social responsibility; strategic posturing; survey; bivariate logit models;

**Workshop Title: Assessing the Framework Conditions for Women's  
Entrepreneurship Development (WED)**

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Joni Simpson, Global Coordinator & Specialist, Women's Entrepreneurship & Entrepreneurship Education,  
International Labour Office

Key words: women's entrepreneurship, gender-sensitive policy/ programmes

**Track Title: Gender (or Policy)**

**Workshop Title: Assessing the Framework Conditions for Women's Entrepreneurship Development (WED): A Model for Replication in Developing Countries?**

**Aim of workshop**

- To introduce the ILO WED Framework Conditions and assessment methodology;
- To discuss the challenges of carrying out an assessment of the conditions favouring women's entrepreneurship in different country contexts, especially in the absence of statistical data on women-owned enterprises, and the lack of capacity of local consultants/ researchers in the field;
- To share the lessons learned from 2013 WED assessments in Kenya, Tanzania, and Uganda, including the value of the assessments for informing more gender-sensitive policy and programmes to support development of entrepreneurship and micro and small enterprises;
- To stimulate discussion on how the ILO methodology may be applied in other countries.

**Background literature**

There are many merits to supporting women's entrepreneurship. It contributes to economic growth by virtue of the increasing prominence of women entrepreneurs in the micro, small and medium enterprises (MSME) sector, which plays a central role in job creation and economic growth. Entrepreneurship is also a vehicle for women's economic, social and political empowerment because by increasing women's access to and control over their incomes and working conditions, they gain greater power to negotiate wider economic, social and political changes in gender inequality.

There is a growing amount of research and policy interest in women's entrepreneurship in countries around the world, however, there have been few systematic approaches to assessing the conditions affecting its development and providing the evidence-base to inform appropriate actions to increase the participation of women entrepreneurs in the economy as well as to improve the performance of their enterprises so they are able to more fully contribute to employment and economic growth.

In 2005, the International Labour Organization (ILO), in collaboration with the African Development Bank (AfDB), introduced an Integrated WED Assessment Framework which served as a comprehensive tool to assist in gathering and assessing a body of information and facts relating directly and indirectly to the development of women entrepreneurs and their enterprises. Since that time, based on findings from the literature about the key factors impeding/ fostering the development of women's entrepreneurship and women-owned enterprises, the Integrated Framework has been further refined to focus on six specific framework conditions (and 17 sub-conditions), and enhanced with additional methodological tools to provide a more rigorous and systematic assessment approach. This new framework was piloted in three African countries in 2013 as a guide for assessing the policy and operating environment for women's entrepreneurship development and identifying relevant and locally-adapted key policy recommendations to foster improved performance in the area.

The outcome of a properly implemented WED assessment is an evidence-based body of knowledge on the country, specifically related to: a) the specific barriers faced by women entrepreneurs in the country; b) the extent to which enterprise support policies and programmes, including financial and non-financial, are sensitive to the needs of women entrepreneurs; c) the degree to which women entrepreneurs and their enterprises are affected negatively by policies, laws, and regulations in areas impacting the economic empowerment of women, and to which these are gender-sensitive; d) the extent to which women entrepreneurs have a "voice" in public-private policy dialogue and issues affecting them are raised in policy dialogue forums. This analysis improves the ability of country-level governments and other stakeholders to develop country-specific, concrete recommendations to foster the development potential of women's entrepreneurship that can serve as the basis for priority actions on WED for policymakers and other stakeholders.

The direct target audiences of the WED Framework Conditions Assessment results are government policy and programme developers and implementers, women entrepreneurs' associations and employers' organizations, etc. Indirect beneficiaries are development agencies, research institutes, service providers and other stakeholders involved in promoting WED.

## **Methodology**

The methodology for carrying out a national WED assessment includes: a review of secondary data and information, including any official data on women-owned enterprises; semi-structured interviews with key informants in governments, business associations, financial institutions, and business development support organisations; focus groups with women entrepreneurs; and a structured survey of women entrepreneurs.

Using a PowerPoint presentation, the workshop presenters will describe the methodology for conducting national assessments of the strengths and weaknesses of the six framework conditions affecting the development of women's entrepreneurship, the preparation required for performing these assessments, and lessons learned from 2013 in-country assessments in three African countries. The workshop will share knowledge gained through WED assessments (management, process, and results). Participants will garner an understanding of the importance and use of a structured process when conducting such assessments, and the application of the body of knowledge gained. The workshop, through the sharing of lessons learned, will be of value to researchers interested in undertaking similar assessments in developing countries.

## **Results and implications**

Examples of the returns of undertaking past WED assessments have been the development of national action plans for WED in Senegal and Mali; the use of the findings as an input to the Women's Economic Empowerment Strategy within the Department of Trade and Industry in South Africa; improvements in the quality of dialogue between partners and responsible ministries; and the use of the findings by women entrepreneurs' associations to formulate policy messages and advocate for their needs in policy-making venues and with employers' organisations. Thus, performing national WED assessments has significant potential to influence more favourable policies and support programmes for women entrepreneurs/ women-owned businesses, on a more gender equitable basis.

## **The Celebrated Unknown: Passion in an Entrepreneurial Context**

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## **Track Title**

Education

## **Paper Title**

The Celebrated Unknown: Passion in an Entrepreneurial Context

## **Aim of Paper**

Entrepreneurial passion is a key determinant of new venture success: it leads to persistence despite difficulties, higher self-efficacy, creativity and even higher performance and growth of the new venture. Because of all these positive outcomes, it is important to know how entrepreneurial passion comes about. The main focus of this work is the investigation of the emergence and development of entrepreneurial passion and the factors influencing this process.

Firstly, from a theoretical point of view, this work will respond to important research calls requiring the elucidation of the antecedents and development of passion. In order for the research on entrepreneurial passion to move on from a nascent to an intermediary state, the emergence and development of passion need to be clarified. This is what this work is targeting. Secondly, this work will have empirical relevance. By taking on a longitudinal empirical approach that is at the moment lacking, entrepreneurs will be followed from the outset of their efforts onward. This process view will answer the question of how entrepreneurial passion comes to be and how it develops, depending on different external and internal determinants.

Thirdly, I turn to the practical relevance of my research. Entrepreneurship and entrepreneurial orientation transcends the domain of new firm foundation. Understanding that entrepreneurship is a crucial attitude for the innovativeness and economic prosperity of nations, governmental organizations, policy makers and educators have embraced it. They are trying to learn from successful entrepreneurs and to understand what lies behind their great motivation, and helps them overcome the difficulties caused by uncertainty and liability of newness. By explaining the process of passion development and showing what factors are facilitative in this process, this work will help educators and policy makers activate the right levers to boost the entrepreneurial passion of their community.

## **Background Literature**

In trying to answer the first set of research questions of this work (How does entrepreneurial passion develop? Which factors influence this process?), the self-determination theory of goal-directed behaviour will be used. This psychological theory holds that individuals are naturally inclined to act on their environments and engage in different activities, in order to grow the self. For each person, a particular configuration of values exists for every activity domain. The more an activity domain fits the personal core values and beliefs of the individual, the higher the interest toward that activity domain. While an interest is only a positive affect of liking an activity domain and feeling an inherent satisfaction in engaging in that activity, passion presumes deepened involvement in the activity, that comes to be an important part of one's identity and a mean for self-definition. An interest will be the starting point from which passion develops. The prerequisites for this to happen are increased competence and relatedness. The more knowledgeable a person feels towards the activity domain and the more relatedness to other important individuals that activity brings them, the more likely will that interest turn into a passion. When perceptions of competence and relatedness are attached to the value-congruent interest, a person will be willing to internalize that activity domain as a part of his or her identity, and in this way turn it into a passion.

Passion not only develops in time, but it can also change over time. By keeping engaging with the venture, entrepreneurial passion changes, depending on how the degree of congruence between the personal values and the goals of the actions change, and on how the perceptions of competence and relatedness change. The second set of research questions investigated in this work refers to the factors that will influence the perceptions of the entrepreneur described above, and therefore entrepreneurial passion.

The autonomy orientation of the entrepreneurs, as well as the social contextual climate around them will influence the degree of congruence between their values and the goals of their actions. The more autonomy-oriented an entrepreneur is, the more he will engage in activities on the basis of own interest and values, ensuring a higher value-actions congruence and therefore a higher entrepreneurial passion. On the other hand, control-oriented entrepreneurs will consider external controls and directives regarding what is expected of them and will not act according to their own personal values. This would lead to a smaller degree of value-action congruence and therefore lower the level of entrepreneurial passion. In the same logic, an autonomy-supporting social context (investors, incubators or government agencies) will give the entrepreneurs a sense of ownership regarding their behaviour and decisions and encourage their initiatives, leading to a higher value-actions congruence. Alternatively, a controlling social climate will make entrepreneurs feel coerced to

behave in a certain way, judging them by outcomes unrelated to the activity itself, forcing a lot of deadlines and comparisons with competition. This will not allow entrepreneurs to behave following their own values and undermine therefore the value-actions congruence.

Perceptions of competence of the entrepreneurs will be influenced by the degree of gathered knowledge and by the feedback they will get. The more knowledgeable they feel and the more positive feedback they receive, the more competent they will feel. Their passion will grow respectively.

The degree of confirmation the entrepreneurs get from other valued individuals will influence their perception of relatedness. The more they will feel socially connected and accepted by highly respected people, the higher their relatedness and therefore their passion.

## **Methodology**

In trying to answer the research questions stated above, a main longitudinal study is planned, that will follow a maximum of ten new ventures from their outset over a period of six months to one year. One advantage of the entrepreneurial context is the fact that developments happen very quickly. Thus, a longitudinal study of up to one year will be suitable for the purpose of this work. Longitudinal data will allow me to take on a process view on the development of passion and will answer in this way urgent calls of research and fill in an important gap. Before I start the main longitudinal study, a pre-study is planned, with the goal of refining the theoretical model. Regarding the sample, I am considering 15 to 20 individual face-to-face in-depth interviews with entrepreneurs. Furthermore, in order to counter-check the theoretical assumptions, and in the same time to gain new insights on the topic, the pre-study will be a qualitative explorative one, with semi-structured interviews and a qualitative content analysis. Considering the fact that the research in entrepreneurial passion is in an incumbent phase, an explorative pre-study seems most appropriate.

## **Results and Implications**

I anticipate that the majority of my assumptions based on the theory of self-determination will be confirmed. Still, I also expect to gain new insights on the development of entrepreneurial passion in the pre-study and in this way better prepare for the longitudinal main study.

Being able to explain how passion emerges and what factors influence its development, this work will be of high relevance not only for all those trying to find meaning in their work activities, but especially for educators and policy makers, who understood the importance of entrepreneurship and are intensifying its promotion.

## **Developing Organizational Culture and Attitudes towards Entrepreneurship Education in Academia**

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Keywords: entrepreneurship education, entrepreneurial culture,

**Track title:** Education

## **Organizational Culture and Attitudes towards Entrepreneurship Education in Academia**

### **Aim of the Paper**

The aim of our paper is to discuss organizational culture and attitudes towards entrepreneurship education inside academia. We will focus on all academic fields by also taking non-business studies into consideration. We argue that more discussion concerning attitudes towards entrepreneurship education has emerged in academia.

### **Background Literature**

Higher education policy strongly encourages for higher education institutes to develop an increasingly entrepreneurial culture with the help of entrepreneurship education in all fields of science (European Commission 2011). In a public policy, entrepreneurial culture refers to a growing number of small businesses, venture creation, social entrepreneurship, intrapreneurship and a basis for tackling social exclusion (Gibb 2002). Entrepreneurship education (EE) aims to enhance skills for self-employment and intrapreneurship. On a general level, these skills are connected to economic well-being (Rae, Martin, Antcliff & Hannon 2012) while on an individual level, they relate to employability and new venture creation (Galloway & Brown 2002, Rae 2007; Nabi & Holden 2008).

While the spreading of entrepreneurial culture appears to be seen as a natural development in all fields of science among policy-makers, recent studies have indicated that there exists an absence of unified entrepreneurial culture not only in the higher education sector, but also within institutions (Philpott et al. 2011). For example, in business studies, entrepreneurship culture and education might be perceived as a natural part of the studies, as the academic field is usually seen as a traditional home-base of EE. However, it is unrealistic to assume that all academic fields start to execute EE without friction, while the triple-helix-model expects them to utilize EE.

Institutional conditions play a major role in EE. The success of EE is dependent on commitment and attitudes, which form an entrepreneurial culture. An educators' role in facilitating entrepreneurial culture is vital, because they pass the culture on to students. (see, e.g., Blenker et al. 2006). Previous studies have noted the shortage of competent EE teachers (Gibb 2002). Requirements for competent teachers are high due to a general agreement that traditional teaching is not preferred in entrepreneurship education. Teachers should be specialists in various areas, such as entrepreneurship and education, and, in addition, they should be able to teach more general skills for students. (Fayolle 2013). Not enough attention has been paid to the realistic possibilities to provide entrepreneurship education on a large scale and, therefore, current resources are not sufficient for filling the constantly growing shortage.

Despite this, little attention has been paid to cultural differences and attitudes whether entrepreneurship education is seen as a natural part of faculties' operations or whether staff is willing to include entrepreneurship education as a part of their work. We argue that the promotion of entrepreneurial culture in the university setting cannot take place without taking cultural diversity and cultural contexts into consideration. EE might be difficult if it is not considered important in faculty operations or if teachers or researchers do not have the tools for it.

### **Methodology**

In this study, we will take a look at entrepreneurial culture and whether entrepreneurship education can be seen as a natural component of curricula in different faculties. The data were gathered at the end of the year 2009 in all three campuses of the University of Eastern Finland (Kuopio, Joensuu, Savonlinna). In total, the data consist of 704 respondents who represented all of the factors of academics, including undergraduate and graduate students, PhD students and the staff. In this study, staff and PhD students, who themselves belonged to the university staff, were included in the analysis (n=253).

In order to accomplish the aim of the study, a multinomial logistic regression analysis (MLRA) was conducted. The used dependent factor was faculty, and the independent variables included teaching and bringing up the elements of entrepreneurial culture as a natural part of the functions of the home department, forming tight cooperation relationships with entrepreneurs of the area or one's own field of education through work, feeling that information on entrepreneurship had been updated, students had the possibility to receive good tools for entrepreneurship through studies, and the atmosphere in the university encouraged engaging in entrepreneurship.

## **Results and Implications**

The estimated parameters were successful in explaining entrepreneurial culture in academia. Out of all of the observations made, 50 per cent were classified correctly by the analysis. Results indicate that there are several factors that predict the likelihood of belonging to the examined faculty groups.

The background factor of age explained some of the results; staff in the Faculty of Science and Forestry was significantly younger than in a reference group (Social Sciences and Business Studies). According to the model, teaching and bringing up the elements of entrepreneurial culture were not seen as natural part of the functions of a department in other faculties than in the reference group. It was an interesting result that other faculties had formed significantly tighter cooperation relationships with entrepreneurs than the reference group. In the Faculty of Health Sciences, the staff considered that they had less updated information on entrepreneurship and students have fewer possibilities to receive good tools for entrepreneurship than in the reference group. However, they considered the atmosphere at the university to be more encouraging towards entrepreneurship than the reference group.

There are several implications that can be made based on the study. There obviously exist barriers between disciplines regarding their views on EE. Even within an institution, faculties can be seen as heterogeneous and should be considered as such. Promotion of entrepreneurial culture and entrepreneurship education cannot be effective if faculties create barriers for it even without noticing. These barriers can be overcome, but it requires time and resources. We assert that it is highly important to allocate resources towards forming a more positive and unified entrepreneurial culture among academia. Concrete tools that could be used to reach this goal include training programs for staff and open communication.

# **A Mixed Methods Study of Women Entrepreneur Negotiation Styles for Private Equity**

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Keywords: Gender and negotiation, private equity, mixed methods research design

**Track Title:** Gender

**Paper Title:**

A Mixed Methods Study of Women Entrepreneur Negotiation Styles for Private Equity

**Aim of the Paper:**

Although women still obtain only a small amount of total private equity investment, they are increasingly becoming involved in high growth ventures that may be attractive to these investors. Although there is a great deal of research on the different stages of the private equity investment process, much less is focused on contract, or term sheet, negotiation, even though it is a very important stage of the investment process. Negotiated outcomes regarding valuation, anti-dilution protection, board representation and other issues can have detrimental effects after the deal is completed if care isn't taken to manage the negotiation process effectively.

This paper originated after reviewing the literature on gender-related differences in negotiation styles, originally published by Babcock and Laschever (2003) in their classic book *Women Don't Ask: Negotiation and the Gender Divide*. If the authors were correct in their proposition that women were less proficient with negotiation styles, then women entrepreneurs seeking private equity could be significantly handicapped in the term sheet negotiation event. Hence, this research seeks to examine women entrepreneur negotiation strategies when obtaining private equity.

The major research questions in this study include:

1. Are women entrepreneurs' negotiation styles problematic as they participate in term sheet/contract negotiation for private equity investment?
2. What strategies have been effective in closing the deal for women entrepreneurs?

The research methodology chosen to examine these questions was a multi-method, mixed mode design that integrates both quantitative and qualitative data collection and uses social networking sites for data collection

**Background Literature:**

As mentioned earlier, there is a paucity of research on term sheet/contract negotiation in the literature on the private equity investment process. Examples include studies focused on trust and partnership relationships (Manigart, et al, 2001; Shepherd and Zacharakis, 2001; Harrison, et al, (1997), the role of context (Kelly and Hay, 2003), decision-making processes (Van Osnabrugge, 2000), and formality and comprehensiveness (Landstrom et al. (1998); Mason and Harrison (1996).

There has been an abundant amount of research examining effective negotiation processes and, in particular, the role of gender and negotiation styles. Progressing beyond the initial proposition of Babcock and Laschever (2003), second generation research regarding the role of gender posits the presence of contingency, or contextual, variables that moderate the relationship between gender and negotiation styles. Examples of such moderators are the gender composition of the dyad; the negotiation topic, degree of conflict, gender-related stereotype threat, etc. However, research integrating the existing negotiation literature from organizational behavior, social psychology and management with entrepreneurship finance has been practically non-existent. Early studies included Amatucci, Swartz and Coleman (2008) and Nelson, Maxfield and Kolb (2009).

**Methodology:**

Because the research questions developed in the initial stages of the study examine processes, we developed a multi-method, mixed mode research design (Dillman, et al.) that consists of two phases. In Phase One, a web-based questionnaire was developed using SurveyMonkey and the

initial launch was conducted. The questionnaire was divided into the three stages of the term sheet negotiation process: the pre-negotiation period, negotiation, and post-negotiation period. There were nine demographic questions and thirty questions on the three stages that included fifteen open-ended questions for rich anecdotal information. We used a snowballing approach leveraging a network of professional and personal relationships that resulted in twelve responses during this initial stage.

We quickly learned how difficult it was to obtain this type of information and that either these women either did not have the time to participate in the project, or perhaps they simply did not want to share their experiences. In Phase Two, we planned to increase the sample size by utilizing social networking sites to reach potential respondents. The initial twelve and survey were transferred to Qualtrics and the link was posted on LinkedIn. We followed guidelines for web-based and social media data collection from contributions from marketing and management such as, Fan and Yan (2010), Dillman et al (2009) and Michaelidou and Dibb (2006). We contacted numerous individuals who were well connected to our target sample and used them as “nodes” to transfer the link. The end result was a sample of fifty women entrepreneurs who had negotiated for private equity.

In summary, Phase One involved a survey and qualitative data. It was mixed mode because the survey was delivered via both personal interviews and e-mail. Phase Two integrated both qualitative and quantitative methods since the sample size increased from twelve to thirty. The mixed mode again involved the survey being delivered through interview, e-mail and social networking sites.

#### **Results and Implications:**

Preliminary analysis of the data shows a variety of strategies these women adopted in order to effectively negotiate for financial resources through private equity investment. We were able to identify specific concerns women raised about their contracts, their perspectives on fairness, issues that could have been addressed more effectively, and both effective and ineffective negotiation strategies. Specific results will be presented at the conference presentation.

There are three important contributions of this research. First, the findings confirm the ‘second generation’ research that posits the gender and negotiation effectiveness relationship is moderated by a number of factors. Thus, it is not necessarily gender but the contextual, or situational, factors that determine negotiation effectiveness. Second, we have adopted a multi-method, mixed mode research design that may present more robust results and decrease concerns about validity and reliability. In addition, we have utilized social networking sites as a source for data collection. Third, this study can provide valuable information from experienced women entrepreneurs who have successfully, or in some cases not so successfully, negotiated for private equity. These lessons need to be disseminated to novice women entrepreneurs who have less experience and may be confronted with the challenges of private equity negotiation for the first time.



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Founding Team Diversity and Team Change as Predictors of Investors' Attraction  
toward Web Business in the US and Japan

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Key Word: Initial Investment, VC, Angels, Web Business, Team Diversity, Team Change

**Track Title:** Firm performance

**Paper Title:**

Founding Team Diversity and Team Change as Predictors of Investors' Attraction toward Web Business in the US and Japan

**Aim of the Paper**

Global Entrepreneurship Monitor (2012) indicated that Japan has an exceptionally low rate of business startups, making it difficult for researchers to conduct quantitative research on Japanese entrepreneurship. Recently, however, the number of startups has increased dramatically in Japan due to the emergence of social media that has fueled a rapid growth of web and mobile-related businesses. Web-related businesses require little initial investment, which facilitates startups even in Japan where the investment environment is still immature.

Nevertheless, Japanese startups have a harder time attracting sufficient investment from the startup stage, compared to American startups that receive full support from the startup stage to the exit stage. After the Lehman Brothers bankruptcy, most VCs shifted their investment from biotech and semiconductor businesses to social network service companies such as Facebook or application developers for web and mobiles, because the latter promised faster growth. Our research focused on the initial investment issue of this industry and examined how diversity and change in founding team correlate with the number of investments the companies receive in Japan and the U.S.

**Background Literature**

Founding teams of startups that are comprised of diverse members show higher performance (Chandler, Honig & Wiklund, 2005; Eisendardt & Schoonhoven, 1990; Roberts, 1991), especially in a competitive environment (Eesley, Hsu, & Roberts, forthcoming). Do the changes in founding teams also determine startups performance? Our research examined this question in both the U.S. and Japan, focusing on the startup and early stages of web and mobile related businesses. Very few studies have examined performance in terms of investors' preference, as measured by the amount of investments (Beckman, Burton & O'Reilly, 2007; Miloud, Asoelund, & Cabrol, 2012). Our study focused on the number of investment sources as an index of performance. This is because the web and mobile businesses, which reduced the cost of IT servers and gained access to potential customers via social media can develop with relatively small initial investments, and consequently, attract small size investments from angels, VC specialized in early stage businesses.

Given the differences in investment environment, we expected that in the U.S., investors would invest quickly at the startup stage if the founding teams are diverse and promising whereas in Japan, investors would be more cautious and invest more when the management teams have been optimized through changes.

H1: Founding team diversity is positively related to investor's preference in the U.S.

H2: Change in team members is positively related to investor's preference in Japan.

## Methodology

We conducted a web survey from February to October 2012, targeting American and Japanese entrepreneurs in the web and mobile related businesses operating in the Tokyo metropolitan area and the San Francisco Bay area. By restricting the field of industry and the geographic area, we controlled for the variation related to environmental factors such as economic trends specific to some fields, locational factors, labor market, and accessibility to investors and customers. The researchers approached potential participants at various startup events and incubation facilities and later invited them to participate in the survey over e-mails.

In the Japanese sample ( $n = 109$ ), all but one indicated their nationality as Japanese. In the American sample ( $n = 47$ ), 48% owned American citizenship. Serial entrepreneurs represented 26% of the Japanese sample and 56% of the American sample. Most companies had permanent employees (70% in Japan and 88% in the U.S.).

Investors' preference was measured in terms of the number of external investments (seed money and Series A) from VC, business angels and other companies. Founding team diversity was measured in terms of the number of CEO, CTO, CMO, CFO, etc. the companies had at the time of establishment. Change in team members was coded so that 0 indicated no change and 1 that at least one member left or joined the team within two years of establishment.

To examine whether team diversity and team change predict investors' preference, we ran a series of regression analyses, separately for Japan and the U.S. All analyses controlled for the following variables that showed significant correlations with investors' preference: firm age, whether the founder was a serial entrepreneur, and innovativeness of product service. Team diversity was centered around its grand mean.

## Results and Implication

Overall, founding teams were more diverse in the U.S. ( $M = 2.19$ ,  $SD = .79$ ) than in Japan ( $M = 1.76$ ,  $SD = .78$ ;  $t(155) = 3.14$ ,  $p < .01$ ). About 46 % of American teams experienced change in the founding team within two years of establishment whereas in Japan, only 34 % experienced such change,  $\chi^2(1) = 2.01$ ,  $n.s.$  American startups received investments from 0.81 sources ( $SD = .92$ ) whereas Japanese startups received investments from 0.72 sources ( $SD = .89$ ;  $t(155) = .62$ ,  $n.s.$ ).

In the U.S., when entered alone in the regression, founding team diversity was significantly and strongly associated with investors' preference ( $\beta = .44$ ,  $p < .01$ ) but team change was not ( $\beta = .06$ ,  $n.s.$ ). When both predictors were entered simultaneously in the regression, team diversity remained a significant predictor ( $\beta = .60$ ,  $p < .01$ ), while change team remained non significant ( $\beta = .10$ ,  $n.s.$ ). The interaction was also not significant ( $\beta = -.28$ ,  $n.s.$ ). Consistent with H1, and in line with past research (e.g., Beckman et al., 2007; Eesley et al., forthcoming), in the U.S., founding team diversity was a more powerful determinant of investors'

preference than team change.

In Japan, when entered alone in the regression, founding team diversity was associated with investors' preference but only weakly ( $\beta = .17, p = .07$ ); team change was more strongly associated with investors' preference ( $\beta = .22, p < .05$ ). When both predictors were entered simultaneously in the regression, team change remained significant ( $\beta = .22, p < .05$ ) but team diversity was no longer predictive of investors' preference ( $\beta = .13, n.s.$ ). The Team Diversity X Team Change interaction was not significant ( $\beta = .05, n.s.$ ), indicating that the effect of team change on investors' preference did not depend on initial team diversity. In contrast to the American findings, and in support of H2, the results indicated that in Japan, team change was a more powerful determinant of investors' preference than team diversity.

Our research demonstrated that in the U.S., startups attract more investors the more diverse the founding team whereas in Japan, startups attract more investors the more they experience changes in the founding team members. These findings suggest that in Japan, investors may be more cautious than in the U.S. to decide whether or not to invest in certain startups. American investors may consider the diversity of founding teams as a predictor of future performance (Eisendardt & Schoonhoven, 1990; Roberts, 1991). In contrast, in Japan, investors may see the managerial team as gradually developing over time and may hence choose to wait until the team has evolved in its optimal form to decide whether or not to invest. We should note, however, that this research did not obtain data directly from the investors; future studies should ask investors how much they consider the characteristics of founding team in their decision to invest, and the timing of the investment. Note also that this study is only correlational so that we cannot rule out the possibility that a third variable (e.g., better business plan) is attracting more investments and more team members. Nonetheless, this study provides an important first step toward understanding cultural differences in entrepreneurship. Very few countries possess mature investment environment and high entrepreneurial intention like the U.S. Future research should address whether change in the team determines investor's preference in addition to founding team diversity in other countries too.

(1263 words)

# **Drivers of market orientation in Australian fast growth entrepreneurial SMEs**

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# Drivers of market orientation in Australian fast growth entrepreneurial SMEs

## Aim of the Paper

Organizational growth research has attracted considerable attention and can be regarded as a series of lifecycle stages of development through which firms encounter. The business community has long acknowledged the importance of fast growth enterprises, celebrated their success and viewed these companies as models to be emulated.

Notwithstanding, fast growth can be regarded as an indicator of market acceptance and firm success, stimulating national employment growth and contributing favorably to global economies. Furthermore, firms that manage fast growth successfully are viewed as valuable community resources, create more wealth and innovate more effectively. Compared to SMEs in general, fast growth SMEs demonstrate a capacity to thrive during periods of economic turmoil such as the global financial crisis (Heimonen, 2013).

There seems to be relatively little explicit research on these firms. With the notable exception of a few (e.g., Davidsson et al., 2009; Shepherd & Wiklund, 2009), there is little systematic and analytically based knowledge about growth processes in these firms and factors influencing the growth process. It is therefore incumbent on researchers to fully understand and identify those factors that contribute to fast growth companies becoming market oriented, a key source of competitive advantage.

A review of extant interdisciplinary literature indicates that there is a complex array of factors associated with fast growth firm performance. However, these factors have not been made explicit. This failure can be attributed to a focus on public and large companies with scant consideration to emerging enterprises.

Whilst there is a plethora of research on the impact of market orientation on firm performance, how do companies develop a market orientation? Creating a market orientation requires dramatic changes to organizational culture (Gebhardt, Carpenter, & Sherry Jr., 2006).

In this light, the overarching research question is: What intangible resources enable FGSMEs to become market oriented in order to develop a competitive edge? What are the inter-relationships between leadership, organizational climate, and human resource practices? How do these characteristics influence market orientation? Thus, the objective of this study is to evaluate antecedents of market orientation in fast growth SMEs. The present investigation extends research in four streams: entrepreneurship, leadership, human resource management and marketing.

## Background Literature

Although investigators (Hunt & Morgan, 1995) outline the importance of market orientation as potential sources of competitive advantage, there seems to be limited research on the antecedents of market orientation (Foley & Fahy, 2009).

A review of the relevant market orientation literature indicates that most investigations concentrate on large organizations or SMEs in general (Raju et al., 2011). However, firms operate differently, in accord with their age (e.g., young versus mature), lifecycle (e.g., emerging versus established), size (e.g., small versus large), industry type (e.g., manufacturing versus service), growth stage (e.g., fast growth vs. slow growth SMEs) or country of origin (e.g., developed versus developing).

Narver and Slater (1990) define market orientation as an organizational culture comprising three behavioural components of equal importance: customer orientation, competitor orientation, and interfunctional coordination. This study adopts the terminology of integrated market orientation (Nasution & Mavondo, 2008) to denote the additional dimension of latent need fulfilment.

Kirca, Jayachandran, and Bearden (2005) identified that drivers of market orientation are related to top management, interdepartmental factors, and organizational systems. More recently, Liao et al. (2011) summarized 514 pieces of market orientation research and identified that the environment facing the organization influences market orientation. Similarly, a review by Raju, Lonial and Crumb (2011) divides antecedents of market orientation into two categories: structural and cultural variables.

There have been a number of studies linking various factors to market orientation including leadership (Menguc et al., 2007, Farrell, 2000), human resource practices (Harris & Ogbonna, 2001), organizational culture and climate (Wei & Morgan, 2004), strategic orientation (Johnson et al., 2012), and marketing planning quality (Pulendran et al., 2003). The present study extends previous research of Tan (2007), highlighting the importance of transformational leadership, human resource management practices and organizational climate as key determinants of market orientation in fast growth companies.

## **Methodology**

### **Sampling and Data Collection**

Data used for testing our proposed model was collected through a survey of 253 Australian fast growth SMEs selected from two sources: the Dun & Bradstreet Database and the Business Review Weekly (BRW) fast-growth study. The BRW study is similar to Fortune's FSB 100 annual list of North America's fastest growing small companies. Companies wanting to be listed on the BRW fast-growth project must record a revenue growth rate in excess of 10% per annum for the last three years, achieve an annual turnover in excess of AUD\$500,000 during the previous year, have fewer than 250 full-time employees, are not a subsidiary of an Australian or overseas corporation, and receive no more than 50% of their revenue from a single client.

### **Constructs**

The measurement items used to develop the model constructs were developed based on a comprehensive review of the literature. All items are rated on 7-point Likert scales ranging from *strongly disagree* (1) to *strongly agree* (7). Development of respective measurement models incorporate successive stages of theoretical modeling, statistical testing, and refinement, as suggested by Straub (1989).

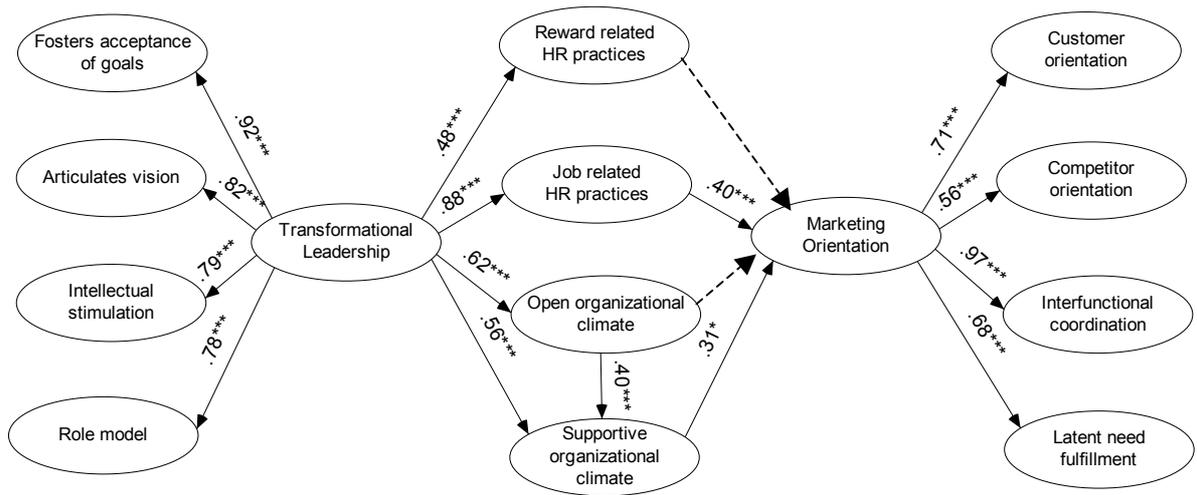
### **Statistical Analysis**

Structural equation modeling was utilized, using SPSS 18.0 and AMOS 18.0. Using the maximum likelihood (ML) estimation method with Direct Oblimin Rotation, Exploratory factor analysis shows the presence of 12 factors and that factor structures match those identified in the conceptual model. Confirmatory factor analysis was used to develop sound first- and second-order instruments.

### **Results and Implications**

Figure 1 shows the final model with omitted nonsignificant paths. The model fits the data well:  $\chi^2(511)=923.47$ ,  $p=.000$ ,  $\chi^2/df=1.807$ , CFI=.917, TLI=.908, SRMR=.064, and RMSEA=.057. Within the context of Australian fast growth SMEs, this study develops and tests an integrated model linking transformational leadership, organizational climate, human resource management practices and market orientation. Seven of nine hypothesized relationships are supported. Specifically, transformational leadership impacts market orientation through the creation of a supportive climate, and instilling job related human resource management strategies, emphasizing employee satisfaction and motivation. Interestingly, rewards and bonuses related to performance and possessing an open organizational climate is a nonsignificant contributor of market orientation.

Accordingly, firms leverage advantages associated with transformational leadership capabilities to strengthen their human resource management and organizational climate. Fast growth SMEs should invest in motivating employees by being supportive and treating them as valuable resources rather than focusing on providing bonuses for outstanding performance in relation to market orientation. In other words, rewarding employees monetarily does not make employees more market oriented. To answer the question – how do companies develop market orientation? Entrepreneurs should focus on sharing their vision with employees through leading by example, encourage staff to challenge basic assumptions about work, and develop a team spirit in the organization. This will in turn motivate employees to perform better and impact the way in which they interact with customer, creating value and competitive advantage for the enterprise.



Notes. \*\*\*  $p < .00$ . In order to avoid a cluttered figure, indicators for each construct are omitted. Dashed lines represent a nonsignificant path.

**Figure 1. Final Full Structural Equation Model**

# **A Study of Cross-generational Sustainability in Ngāwhā, New Zealand**

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Key Words: Māori, tribal, accountability, trusteeship, descendant community

**Track Title:** Minority

**Paper Title:**

A case study of Cross-generational Sustainability in Ngāwhā, New Zealand

**Introduction:**

Indigenous entrepreneurial leadership broadly defined as creating, managing, and developing new ventures by indigenous people for the benefit of indigenous people (Lindsay 2005). In New Zealand, entrepreneurial and leadership decisions over (Māori) tribal lands and resources were customarily made by leaders and their expert elders/advisors. Today these decisions are now generally made by legal trusts, incorporations and tribal authorities.

While Māori communities attempt to engage in entrepreneurial ventures, there are major historically-based leadership issues that preface forward-thinking entrepreneurship and innovation. This paper explores two domains of contemporary leadership: Treaty claim settlement context and non-customary Māori land trusts.

**Aims:**

This paper utilises the case study of Ngāwhā to discuss the challenges of creating entrepreneurial yet sustainable futures for Māori communities. Ngāwhā is a geothermal field situated in Northland, New Zealand. The Ngāwhā geothermal springs are an ancestral resource that has been used by local (hapū) kin-communities for 16+ generations (since before the 17th century). Today the Ngāwhā complex consists of a cluster of sixteen under the stewardship of the Pārahirahi C1 Trust. From a tribal perspective, sustainability is a challenge of ensuring use of the Ngāwhā geothermal resource is available to locals and visitors for another 15 generations.

To do this the Pārahirahi Trust must address a 120 year-history of land alienation over the Ngāwhā lands through Treaty (of Waitangi) settlements with the Crown (New Zealand Government). Treaty settlements represent pathway to build the Trust's social, economic and political capacity. The first part of this paper will look at the difficulties Trust's negotiation of past injustices with the Crown and navigating the current settlement negotiations framework for the wider Northland region.

At the same time the Trust must operationalise a balance of legal frameworks (law) and customary (lore) kin-connectedness to land and communal trusteeship over Ngāwhā. The second part of this paper will outline the role of the Pārahirahi C1 Trust in service to the Ngāwhā geothermal resource, the community, and hapū of Ngāwhā. Particular questions to be asked include: what does it mean to be sustainable from a Māori tribal perspective? What role does heritage and culture have within the Trust's governance of Ngāwhā?

**Background literature:**

Studies of Indigenous entrepreneurship acknowledge that i.) opportunities may be culturally influenced such that the recognition of opportunities is culturally defined (Dana 2007); ii.) tradition and heritage can offer avenues for entrepreneurship and innovation (Hindle and Lansdowne 2005; Tapsell & Woods 2008a, 2008b); and iii.) entrepreneurship may stem from innovation produced by the collective (Peredo & Anderson 2006). Resources consulted described how the nature of customary leadership and land tenure changed with the advent of trusts and incorporations.

The primary method of data collection for the case study was through a survey of trust-held literature (annual general meeting reports, a feasibility report and correspondence to/from the Pārahirahi C1 Trust), academic sources on leadership (for example, Tapsell (2011, 2006), Walker (1990), M. Kawharu (2000), H. Kawharu (1977), Barlow (1991), Mahuika (1992), Hohepa (2011), Winiata (1967), Best (1924), Buck (1966), Marsden (1992), New Zealand Maori Council (1983)) and official reports.

**Methodology:**

In the first instance, this research turns to Waitangi Tribunal (commission of inquiry for past grievances against by the Crown) reports. Emphasis is placed on Tribunal reports as sources of scholarship on tribal land tenure, Native Land Court processes, Crown alienation of land and the effect on tribal leadership structures. From there, further primary and secondary research sources (Waitangi Tribunal commissioned research, Journals to the House of Representatives, Archive New Zealand material such as title orders, title transfers and government correspondence, Maori Land Court and Native Land Court minute books, and Newspaper articles) were consulted to develop and support arguments and ideas.

**Results and implications:**

The two contexts of Treaty and Trust remain significant challenges for Māori communities attempting to build sustainable futures in Northland.

The struggle for partnership with the Crown has been a dilemma for leaders in New Zealand, not least Northland since 1840. The reality now is that it has been almost a century of protest, petition, research and negotiation in Ngāwhā for the return of an important part of the Ngāwhā geothermal resource. The issues however, are far deeper than that. They concern the restoration of mana (customary authority) in the land, and the restoration of what hapū leaders thought they were entering into when they signed Te Tiriti (Treaty of Waitangi): partnership. It is these twin themes: mana and partnership that are at the heart of the efforts of the Pārahirahi leaders today.

Since the Waitangi Tribunal reported on the Ngāwhā Treaty claim in 1993, the Parahirahi trustees, as defacto hapū 'leaders', have revised and updated the depth of Treaty breaches in Ngāwhā. The purpose of the Ngāwhā Treaty claim is both to address local land alienation in Parahirahi as well as to restore the Crown's honour in the eyes of hapū in Ngāwhā

Innovation in Ngāwhā, on the other hand, is left to the Pārahirahi C1 Trust. Leadership is required of the Trust to make entrepreneurial decisions. Pathways to doing so are not straightforward. Development in Ngāwhā is an opportunity to accentuate it as a site of cultural, ancestral, historic, social, political and potentially economic significance to kin-groups in the region. It is also an opportunity to build on a leadership of dedication and service that preceded the current trustees.

The issues raised above are indicative of the challenges (and opportunities) facing the Pārahirahi trustees as they attempt to bridge customary (lore) and non-customary (law) domains of contemporary tribal leadership. If successful, the trustees will release significant opportunities for their descendant community (beneficiaries/ hapū /marae (community hubs)) within and beyond Ngāwhā. The challenges, however, are formidable, especially as a new generation raised beyond the tribal context of kin-accountability seek to assert legal rights of exclusive ownership derived from colonial imposition of the Native Land Court. These partitioning of rights to individuals has excluded wider kin from maintaining any meaningful connection to Ngāwhā, especially in terms of customary belonging and service, based on sharing of resources for a greater good as once maintained by hapū leadership.

Although the Pārahirahi resources requiring Treaty settlement and managing are unique, the difficulties being experienced by the trustees is not and the underlying issues of governance, membership, ad hoc engagement with wider authorities and ongoing marginalisation of hapū descendants are being replicated by Māori trusts to lesser or greater extent throughout New Zealand.

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Use of electronic platforms for business development and entrepreneurship in Africa

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Keywords: entrepreneurship, SMEs, ICTs, electronic business, mobile telecommunications, Africa

**Track Title:** Sustainability

**Paper Title:** Use of electronic platforms for business development and entrepreneurship in Africa

**Aim of the Paper:**

This study assesses the use of modern electronic platforms (hereafter 'e-platforms') by micro, small and medium-sized enterprises (MSMEs) in Africa to advance business operations, development and entrepreneurial activities. MSMEs account for a large share of business establishments and entrepreneurial activities in Africa (GEM, 2012). Empowering MSMEs to improve their business operations has a major impact on employment creation and poverty reduction (World Bank 2013). Information and communication technologies (ICTs) can empower MSMEs to improve their business performance, competitiveness and growth.

The study offers a context-specific account of the current status, opportunities and challenges related to the adoption and use of e-platforms by the MSMEs in Africa. The study also provides perhaps the first evidence of the relationship between entrepreneurial orientation (EO) and uptake of ICT-related innovations to advance entrepreneurship, pursue business growth and improve competitiveness among MSMEs in Africa. The findings will inform future research, business practice and policy-making.

**Background Literature:**

Information and communication technologies (ICTs) are regarded as a key catalyst for the transformation of business models, improvements in efficiency and connectivity and hence firm competitiveness. Adoption of ICTs by businesses thus is often underlined as a core action item in entrepreneurship and enterprise development policies in not only developed but also developing countries (OECD, 2004; UNESCAP, 2007). On the other hand, MSMEs account for a large share of business establishments and employment in most developed and developing economies. MSMEs have been shown to be innovative, agile and early adopters of emerging technologies. Taking together, ICTs have the potential of fueling formation, performance and growth of these firms.

Several studies have shown that Africa has registered one of the fastest growth rates in the adoption of mobile telephone and technology penetrations of any major region in the world. Estimates suggest that mobile telephony has created about 3.3 million jobs and contributed about US\$ 12 billion to public funding by 2012 (GSMA, 2013) while the Internet accounts for about 1.1% of Africa's gross domestic product (McKinsey, 2013). Despite this progress Africa lags behind all other major regions in terms of telephony and Internet penetration due to poor infrastructure, high cost of ICT services and low ownership of computers and other Internet-ready devices such as smart-phones, tablets and notebooks.

The uptake of the technologies by resource deficient MSMEs is also likely to be hindered by the lack of skills to use and manage rapidly changing technologies. A limited use of e-platforms by firms may restrict not just their own growth but possibly the rapid diffusion of e-platforms to wider public. However, emerging e-platforms, such as cloud computing and social media, may be easier to manage, cheaper to maintain and adequate for MSMEs with a limited range of products.

Despite these challenges and opportunities, empirical evidence about e-platform usage in Africa primarily draws on a handful of case studies and concentrated on mobile telephony (e.g. mobile money) and national accounting estimates. This falls short of presenting a reliable picture of the current status on the continent.

Specifically, the extent to which firms in Africa are harnessing the mobile and Internet revolution to facilitate business and entrepreneurship is still not well understood. It is the aim of this study to provide a more comprehensive and detailed account of the current status. *To achieve this aim, the study addresses two main questions: 1) to what extent do MSMEs in Africa use e-platforms for business and entrepreneurship? 2) Is the pattern of e-platforms usage differentiated by firm-specific factors?* 'E-platforms' are defined as systems that operate and run on electronic media that allow real time delivery, access and application of data and information. This study focuses on the use of mobile platforms and Internet platforms.

1) *To what extent do MSMEs in Africa use e-platforms for business and entrepreneurship?*

A majority of existing studies on the adoption of ICTs at the firm-level are conducted in developed country contexts. The stage model is a popular perspective describing the status of adoption. While various versions of the stage model were developed over the years, the central assumption is that adoption of value-added ICT activities follows a linear incremental process (Xu et al., 2008). Progression from one stage to the next indicates

increased sophistication of ICT usage in business activities and processes. Different models commonly start with the elementary stage of ICTs being used solely as a communication tool/ medium (e.g. e-mails; online information), and proceed to more advanced and extensive application in conducting electronic transactions, interactive information exchange, and integration of intra and inter-organization core business processes.

Although widely adopted in existing research, the highly generic linear stage model is criticized to be too simplistic and ignore the dynamic approaches that firms can undertake to deploy ICTs (Levy and Powell, 2003; Xu et al, 2008). Nevertheless, the stage model provides a systematic framework for examining the status of ICT adoption at the firm as well as country level thus allowing comparison. Therefore, this study will build on the model but seek for its enrichment and modification based on findings to better reflect the context of Africa.

## *2) Is the pattern of e-platforms usage by MSMEs in Africa differentiated by firm-specific characteristics?*

Existing studies have identified a number of external and internal factors to explain the different level of ICT use by firms. Tornatzky & Fleischer's (1990) Technology-Organization-Environment (TOE) framework, for example, recognizes the influence of a set of technological, organizational and environmental factors. Most governments in Africa have invested efforts into improving the accessibility and applicability of ICTs; ICT infrastructure, however, is yet to be improved. This study focuses on exploring differences in the pattern of use of e-platforms by firm-specific characteristics including industry, firm size and age, and also age and gender of the owner-manager. An emphasis is placed on examining firms' entrepreneurial orientation (EO) in relation to e-platform usage.

The topic of EO has received considerable attention in the entrepreneurship literature; the construct has commonly been applied to measure the underlying behavioural qualities of being entrepreneurial (Covin and Miller, 2014). This study adapts Miller (1983) and Covin and Slein (1989) to conceptualize EO as comprising three behavioural dimensions – proactiveness, risk-taking and innovativeness – at the firm level. Although EO has been a topic of interest in the entrepreneurship literature for three decades, there is a dearth of empirical studies particularly on Africa (Wales et al., 2013). This is understandable considering the recency of economic take-off in the continent. As the stimulation of entrepreneurship is now a core national development policy in most African countries, the integration of the EO construct in this study not only generates important insights into the entrepreneurial qualities of firms in Africa, but also marks perhaps a first attempt to examine the explicit linkage between EO and the use of e-platforms for business development and entrepreneurship.

## **Methodology**

This exploratory study adopted a quantitative research method. A survey was conducted respectively in Ghana and Zambia using a pre-defined questionnaire comprising both closed and open-ended questions. Ghana and Zambia are chosen as they are: 1) from different regions of Africa; 2) Ghana is a coastal country and Zambia is landlocked; 3) different in population size and economic structure: Ghana with 25 million inhabitants depends mostly on mining with services and agriculture being equally important; Zambia with 13.5million inhabitants depends heavily on copper mining and then services; 4) low middle income with similar levels of economic development: Ghana's GDP per capita was US\$1,605 and Zambia's was US\$1,469 in 2012 (World Bank, 2013); 5) formerly British colonies; and 5) making excellent progress in introducing supportive initiatives and policies to promoting entrepreneurship and use of ICTs (UNCTAD, 2012): Ghana launched a National Medium-term Private Sector Development Strategy and the ICT for Accelerated Development [ICT4AD] Policy in 2003; Zambia has implemented a Private Sector Reform Development Programme since 2004 and a National SME Policy since 2011, and it has also promulgated its National ICT Policy in 2007. Between 2008 and 2013, Ghana has risen from 87<sup>th</sup> to 62<sup>nd</sup> place and Zambia from 116<sup>th</sup> to 90<sup>th</sup> place in the WB's *Doing Business Survey* ranking: Ease of starting a business and obtaining credit has significantly improved in both countries (World Bank 2008, 2013).

The survey was conducted with MSMEs, which are defined as firms with fewer than 250 employees. The bulk of the samples, however, are micro and small firms with fewer than 50 employees. In Ghana, the survey was conducted in collaboration with the Science and Technology Policy Research Institute (CSIR). A senior researcher at the Institute oversaw three research assistants to conduct the survey in the Greater Accra region. In Zambia, the survey was coordinated by the ATDF Entrepreneurship Hub. Two researchers conducted the survey in Lusaka and nearby cities. As there is a lack of credible and comprehensive lists of MSMEs, the researchers randomly visited MSMEs personally with the target to obtain 150 complete questionnaires in each country. The personal cold-calling sampling method allowed general firms, even when they were not affiliated with any business associations or were operating in the informal economy, to be included for random sampling thus allowing a more realistic picture to emerge from the sample. Although English is the official language of both countries, the literacy and education level of the target respondents were still a concern. To ensure understanding

of the questions, a pilot test on a small sample (10) of MSMEs in Zambia was first carried out to review, clarify and refine the questions before undertaking the actual survey. Human relationships are important in Africa; the use of face-to-face surveys helped improve response rates and further ensured respondents' understanding of the questions as they could be clarified on-site by the trained researchers. Company details were recorded to avoid duplication in sampling. Of the total 300 questionnaires returned, 277 were usable for conducting the analysis with 141 from Ghana and 136 from Zambia. The resulted sample is cross-industry with a mix of firm size and age.

## **Results and Implications**

### *1) To what extent do MSMEs in Africa use e-platforms for business and entrepreneurship?*

*Findings confirm the widespread use of mobile platforms in Africa with close to 85% of respondents reporting their frequent use for business. On the other hand, the use of Internet is yet to take off with only 40% of the respondents reporting they used it frequently or all the time.*

*The significant gap between usage of Internet platforms and mobile platforms is mainly attributed to the accessibility problems of the Internet. Despite the high rate of ownership of mobile phones (94%) and PCs (60%), less than half of the total 277 respondents reported to have Internet access. More than half of the respondents pinpointed 'No Internet', 'Slow and Unstable Internet' and/or 'Expensive Access' as the major challenges, and one-third reported 'Lack of Equipment' as a top barrier. It is also worth mentioning that 5% of respondents reported they have no need for using e-platforms and/or prefer using traditional ways.*

*Generally speaking, a majority of the firms are still at the elementary stage (Stage 1) of using e-platforms as a communication and information accessing tool/ medium only according to the 5-stage model (1. email; 2. website; 3. e-commerce; 4. e-business; and 5. transformed organization) developed by Xu et al. (2008). Only about 22% have a web presence (Stage 2) with most of the webpages being non-interactive online brochure. Only 4 firms (1%) are at the e-commerce stage (Stage 3), in which customers can shop and transact on their webpages.*

*The increased popularity of publishing a firm's webpage on social network platforms rather than on the firm's own domain deserves special attention. It was observed that the use of Facebook and LinkedIn has proliferated since 2010. Thirty two firms (12%) have now established either a Facebook or LinkedIn homepage or both. Conventional stage models have not taken into account these modern and important web-hosting media. For MSMEs especially those in developing countries, these third-party media perhaps are a more cost-effective and practical e-solution. Since many of these firms do not undertake online transacting functions, these free media that support basic interaction and require minimum maintenance but have a wide user reach serve the purposes of online promotion of the company/ product and communication with potential customers and other stakeholders. It is surprising to find that respondents largely see and use e-platforms with an 'external' focus; whereas they find little applicability and usefulness of e-platforms in supporting internal operations.*

### *2) Is the pattern of e-platforms usage by MSMEs in Africa differentiated by firm-specific characteristics?*

*Individual industries, classified by the ISIC, are found to be significantly different in the degree of Internet platforms but not mobile platform usage for business activities. Preliminary regression results also show that MSMEs in Ghana, and larger firm size were associated with the likelihood of more frequent use of Internet platforms for business activities; whereas, firm age and the owner-manager's age and gender had no significant association. Home country of firms (Ghana or Zambia), firm size and age, and the owner-manager's age and gender all had no significant association with more frequent use of mobile platforms.*

*Referring to the EO of the responding firms, preliminary analysis shows proactiveness and innovativeness to be significantly associated with more frequent use of Internet platforms. Again, no significant association was found between any one of the three dimensions and frequent use of mobile platforms.*

*Above findings vividly confirm the widespread use of mobile platforms by firms of different characteristics. While it is found that Internet platform usage was significantly lower, the degree of use of Internet platforms by the MSMEs in the sample was in line and perhaps exceeded the general penetration rate of Internet of the two countries. This may imply favorable attitude to adopt and perceived usefulness of e-platforms for business activities by MSMEs. Considering they account for a large share of business establishments and employment, they can be the spearhead leading e-platforms adoption and diffusion to the wider population. As such, deepening commitment and efforts to improve ICT access and reduce costs, and target ICT skills training at MSMEs are necessary. Further analyses will be conducted to probe and explain in more detail objectives and patterns of e-platform usage and its associations with the aforementioned firm-specific characteristics, particularly with the EO.*

**Paper Title: Innovation Process of Japanese SMEs Triggered by Emerging Market  
Development  
- Possibility of Expanding the Reverse Innovation Theory to SMEs -**

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Keywords: Small and medium enterprises (SMEs), emerging markets, discontinuity, and reverse innovation

## **1. Aim of the Paper**

Recently, an increasing number of Japanese SMEs have been working to develop rapidly-growing emerging markets amid the falling birthrate and the shrinking Japanese market. However, preceding studies have not provided a full analysis of SMEs' development of emerging markets.

This paper analyzes the process through which development of emerging markets contributes to innovations by SMEs. Specifically, through a case study of a Japanese SME, this paper clarifies (1) innovations realized by SMEs at their overseas business bases due to their development of emerging markets and (2) the impact of innovation at overseas business bases on SMEs' domestic business bases.

## **2. Background Literature**

### **2.1 Emerging market strategies in international management theories**

Studies that focus on emerging markets are increasing primarily in the academic field of international management. Shintaku (2009) analyzed the development of emerging countries by Japanese companies from the viewpoint of market strategy and presented three types of product strategies. Shintaku and Amano (2009) pointed out the importance of the development and accumulation of management resources in the market development process in emerging countries, as well as the effective use of such resources, because emerging markets have many restrictions on management resources.

Amano (2010) pointed out that, for companies in developed countries, emerging markets have "discontinuity" with different conditions, both qualitatively and quantitatively, from developed markets.

Specifically, income levels differ significantly between the two types of markets, and market infrastructures and consumers' product knowledge are underdeveloped in emerging markets. According to Amano, emerging market strategies have discontinuity, which distinguishes them from internationalization strategies in the past, and particular entry barriers.

Govindarajan (2012) took note of the relationship between discontinuity and innovation in emerging markets and pointed out the necessity of "reverse innovation," which means reversing the innovation which was first born in a developing country back to wealthy nations. According to Govindarajan, not only strategies but also global organizations and project reviews are required to realize reverse innovation.

As described above, studies on emerging market strategies are progressing gradually with a focus on market strategies and management resource strategies. However, theories on emerging market strategies have yet to be established (Amano, 2010). Additionally, previous studies deal with large companies, and sufficient discussion has not been held on the applicability of those studies to SMEs.

## **2.2 Emerging market strategies in SME theories**

Tange (2012) pointed out that (1) combining "niche," "precedence," and "high value-added products," (2) making efforts to maintain the quality of products and services that are offered, and (3) convincing customers of the product value are important in marketing strategies to the develop emerging markets. According to Ota (2012), efforts should be made in emerging markets to strengthen marketing aimed at brand-building.

As described above, preceding studies on the emerging market strategies of Japanese SMEs are focused more on market strategies and less on management resource strategies. There are only a few studies on the relationship between emerging market development and innovations at home and abroad, such as the study by Govindarajan (2012). Based on the above, this paper places its analytical focus on the relationship between emerging market development by SMEs and innovations at home and abroad.

## **2.3 Hypothesis formation**

Emerging markets have different restrictions on management resources and capacities from developed countries (Amano, 2010). Changes in the market, such as a change in the demographic composition or a rise in income levels, promote innovations (Takeishi, 2001). Considering this, there is a possibility that SMEs create innovations by working on the development of emerging markets, and the possibility could increase when SMEs set up a local business base. So, this paper forms Hypothesis 1 as follows.

Hypothesis 1: Emerging market development changes management resource strategies at the local business bases of SMEs and promotes innovations.

According to Govindarajan (2012), emerging market development by SMEs could affect innovations not only at overseas business bases but also at domestic business bases. Therefore, this paper also forms Hypothesis 2 as follows.

Hypothesis 2: SMEs are realizing innovations at domestic business bases by using innovations realized in emerging markets.

### **3. Methodology**

This paper verifies the above hypotheses using a case study. A case study was selected because it provides a larger quantity of deeper information than a survey. In addition, only a few Japanese SMEs have succeeded in emerging market development, and the case represents a unique example. For these reasons, a single case study was assessed to be an appropriate method and was adopted (Yin, 2009).

The target of the case study was Company A, an SME which has built a production base in China and developed the local market successfully. Company A was selected because it produces sake, an indigenous product of Japan, and because it is more likely to face market discontinuity in production and sales in the emerging market than other industries. Company A was assessed to meet the objective of this paper.

### **4. Results and Implications**

The case study revealed the following three points.

First, emerging market development promotes the development of new management resources by SMEs, resulting in process innovations whereby SMEs establish new supply systems that differ from those in their home country.

Second, SMEs realize innovations in their home country by feeding the process innovation realized in emerging countries back to their home country.

Third, this innovation process is realized through (1) the existence of managers in the home country who are familiar with overseas businesses, (2) use of external resources in the home country, and (3) flexible allocation of management resources.

The conclusion of this paper could indicate that the reverse innovation theory presented by Govindarajan (2012) can be extended not only to large enterprises but also to SMEs.

**ABSTRACT :**

**Track Title :** Sustainability

**Paper Title :** Development of an Entrepreneur Scan as a Driving Force for Sustainable Farming

**Aim of the paper**

To respond to the challenges of sustainable agricultural development it is no longer sufficient for farmers to be a craftsman. Entrepreneurial and management skills are becoming increasingly important. Farmers are thus forced to learn and further professionalize in the field of entrepreneurship. The research aims to develop and validate an entrepreneur scan for supporting entrepreneurship in agriculture. The complexity of the concept calls for an effective development process that not only guarantees the scientific value but also the practical relevance and use of the tool, taking into account the context-specificity of farming. After validation, the ultimate goal is to make the scan available to extension workers and discussion groups in agriculture and horticulture, where it can be used to guide companies toward sustainable entrepreneurship. In addition to the use as a *stand-alone* instrument, it is important that the scan can be integrated in tools for integrated sustainability assessment (ISA tools).

**Background Literature**

Today, craftsmanship will no longer be enough to cope with the integrated responsibilities for People (employment, health, education, human rights), Profit (economic and financial continuity) and Planet (clean environment and preservation of resource stocks) related to the sustainability concept (Elkington, 1998). In addition to craftsmanship, farmers nowadays need to develop managerial and entrepreneurial skills as well (Bergevoet, 2005; de Lauwere, 2005; de Wolf et al., 2004, 2007; Grande, 2011; Lans et al., 2007, 2014; McElwee, 2005, 2008; Morgan et al., 2010; Mulder et al., 2007; Nuthall, 2006; Phelan and Sharpley, 2012; Pyysiäinen et al., 2006; Rudmann, 2008; Seuneke et al., 2013; Vesala and Pyysiäinen, 2008; Vesala and Vesala, 2010). Farmers face the problem that they need to incorporate various functions into one person. In the role of craftsman the farmer controls the biological processes and the production on the farm. The farmer as a manager is responsible for planning, organizing, directing and controlling the business processes of the farm. As entrepreneur the farmer creates the conditions within which the craftsman and the manager operate. In this function, opportunity recognition and exploitation is important. In short, entrepreneurship is 'doing the right things', whereas management is 'doing things right' (Bennis and Nanus, 1985; Drucker, 1985).

According to the main schools of thought in entrepreneurship theory, based on the work of Schumpeter (1934), Knight (1921) and Kirzner (1973), the pursue of financial profit is the central driver of entrepreneurial activity. This is also the case for traditional business management theories, which generally emphasize the role of management as a driver for financial performance of the business (Kay et al., 2007; Cole, 2009). However, recently a slightly different perspective is taken from the traditional focus on financial goals, by emphasizing additional goals of promoting sustainable environmental and social improvement (Schaltegger and Wagner, 2011). Entrepreneurship is increasingly being recognized as a significant conduit for bringing about a transformation to sustainable products and processes, with numerous high-profile thinkers advocating entrepreneurship as a panacea for many social and environmental concerns (Coman, 2008; Hall et al., 2010; Senge et al., 2007). Research has demonstrated that successful sustainability-driven entrepreneurs are notable for their ability to simultaneously meet competing objectives in the environmental, socio-ethical, and economic realms (Schlange, 2007). Thus, entrepreneurship can be considered as a central driver for sustainable farming. In the paper the term 'entrepreneurship' is used as an umbrella term encompassing entrepreneurship *senso stricto*, management and craftsmanship.

**Methodology**

In order to cope with the objective of developing a tool that is both scientifically sound and context specific operational, a sequential mixed methods design was set up, that captures the best of both qualitative and quantitative approaches (Tashakkori and Teddlie, 2003). The scientific value was guaranteed by relying on expert knowledge and scientific literature. The practical relevance and use of the tool was attained by relying on stakeholder participation throughout the process. A sequential exploratory strategy was used, consisting of two initial stages of qualitative data collection and analysis, followed by a stage of quantitative data collection, analysis and interpretation. Each of the

three stages combined a participatory approach with desktop research. Both scientific experts and stakeholders from the agricultural sector were involved, such as advisors, representatives of banks, agricultural organizations, certification organizations, government agencies, training managers, researchers, and of course the farmers themselves.

After an initial test and validation phase at about 50 dairy farms, use of the scan as a tool for setting up a learning trajectory was evaluated in discussion groups ('Dairy Cafés').

### Results and implications

The entrepreneur scan is hierarchically structured according to 8 themes, which are further subdivided into 15 indicators. The 8 themes are: Vision-Strategy, Planning-Organization-Control, Networking-Collaboration, Risk Management, Opportunity Recognition and Exploitation, Searching and Learning Behavior, Innovation and Craftsmanship.

As the scan must be communicative, the option was taken to visually integrate the themes and indicators into a radar graph. We used a multi-level approach to aggregate the indicators. At the highest level, the different themes are visually aggregated in a graph. For each theme the graph at the lowest level zooms into the underlying indicator scores (see figure). The indicator scores were normalized into scores between 0 (worst-case situation) and 100 (best-case situation), which allows for a comprehensive overview and mutual comparison of the different themes and indicators. At each level, the farmer can observe his strengths and weaknesses, and compare his scores with average scores of a reference group (bold line).

Further testing and use of the scan in other agricultural sectors is recommended. Also its potential for integration in ISA tools should be explored.

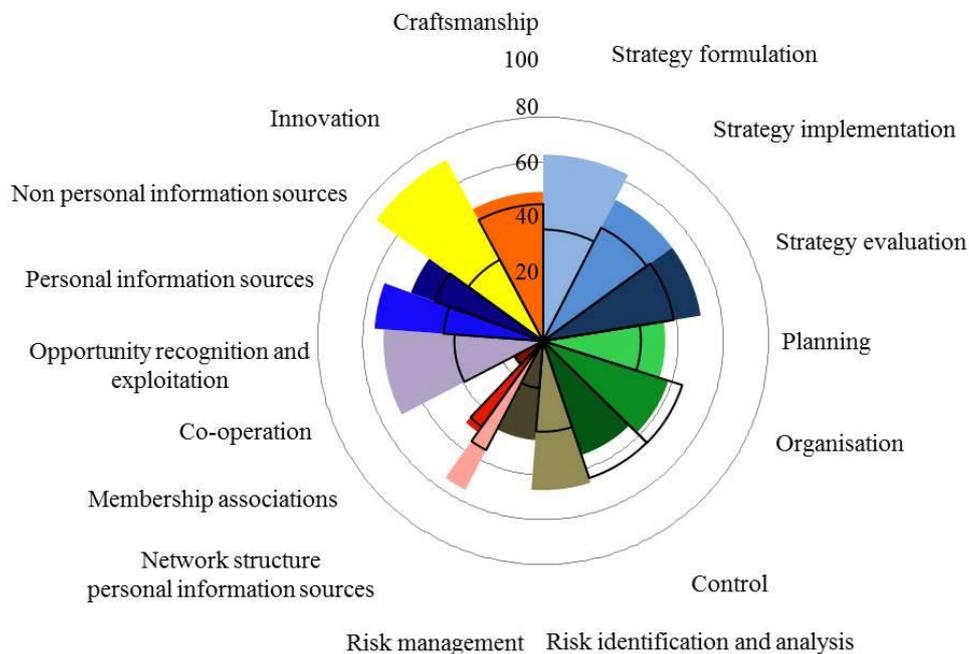


Figure. – Entrepreneur scan for farmers (indicator level)

# **Fostering Interdisciplinary Entrepreneurship Education**

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**Key Words:** Entrepreneurship Education, Interdisciplinary, Perception, Teacher Intention

Track: Education

## **Fostering Interdisciplinary Entrepreneurship Education**

Entrepreneurship as a force in economic growth and development has for the last three decades captured the imagination of governments, industries and many individuals (Van Praag & Versloot, 2007). This has motivated the ongoing discussion about how to increase entrepreneurship activities as a way to boost economic growth. The role of higher education in creating more and better entrepreneurs has more recently been added to the conversation, even as the impact of entrepreneurship education on students' subsequent entrepreneurial activities remains unsubstantiated (Von Graevenitz et al., 2010, Oosterbeek et al., 2010). A consensus of what constitute entrepreneurship education is however still evolving, as is what it should contain and who should teach it.

Entrepreneurship education has mainly stayed as a stand-alone discipline, often available only to students in Business related fields. The majority of disciplinary entrepreneurship education is offered as elective courses which can be argued to primarily attract students who share existing interest or curiosity towards the subject. This means that a big portion of students complete higher education without once being exposed to entrepreneurship. This is unfortunately working against the entrepreneurial education goals set by the EU to have every single student exposed to entrepreneurship education throughout their studies (EACEA Eurydice 2012). While still focusing on finding ways to increase the effectiveness of present entrepreneurship education, an equally important challenge is to trigger the entrepreneurial curiosity in those students who make up the majority, i.e. those who lack the curiosity or do not believe that entrepreneurship courses are relevant to their career goals.

The more traditional approach of entrepreneurship teaching and learning focuses mainly on enterprise start-up (see e.g. McMullan & Gillin 1998; Kinsella & McBrierty 1997). However, the concept of the entrepreneurial mindset appears to be developing alongside traditional approaches. Some pioneering universities are attempting to embed entrepreneurship education into existing course framework; that is to teach entrepreneurship as part of disciplinary courses focusing on the entrepreneurial mindset rather than on start-up activities and processes (Morris et al., 2013). The movement from teaching entrepreneurship as a discipline to teaching entrepreneurially within disciplines pushes the focus to include the entrepreneurial orientation and further on qualifications of a wider cross-section of teachers at universities.

### **Aim of the Paper**

While the research on disciplinary entrepreneurship education practices serves as a good framework for further discussion, the role of the teacher in this process has not been systematically investigated. Based on the notion that attitudes towards behavior are crucial to the adoption of the behavior (Ajzen 1991; Kim & Hunter 1993, Robinson et al. 1991), the paper analyzes preconceived notions and attitudes towards entrepreneurship and intentions of engineering and science teachers to include aspects of entrepreneurship education in their courses. We hope to contribute to the discussion by showing how attitudes can be adjusted by training that may increase the effectiveness of interdisciplinary entrepreneurship education.

### **Background literature**

The literature on the core content of entrepreneurship teaching and skill development is extensive, but has almost exclusively focused on disciplinary entrepreneurship education in the form of courses; programs and study lines (see e.g. Katz 2003; McMullan & Gillin 1998; Ireland et al. 2003). Also, as the concept of entrepreneurial university continues to attract accelerating attention, it has mainly been researched through discussing the framework conditions allowing the creation of a university culture matching the description of entrepreneurial organization (see e.g. Urbano & Guerrero 2013; Morris et al. 2013). The concept of entrepreneurial mindset has increasingly appeared in the entrepreneurship research focusing on cognition, and is also beginning to show up in the discussion of entrepreneurship education (Haynie et al., 2010; Ireland et al., 2003; McGrath and MacMillan, 2000). Based on this work, the role of intention and its relation to entrepreneurial behavior has become one of the enduring themes in entrepreneurship dialogue (see e.g. do Paco et al. 2011; Guzmán-Alfonso & Guzmán-Cuevas 2012; Cruz et al. 2008; Kautonen et al. 2013; Souitaris et al. 2006; Sánchez 2010; Kuehn 2008; Kibler 2012; Krueger et al. 2000; Siu & Lo 2011; Moriano et al. 2012; Kolvereid 1996).

The theoretical framework used in the analysis follows Ajzen's (1991) Theory of Planned Behavior. We apply the TPB framework in discussing the intention formation process of teachers towards embedded entrepreneurial teaching activities. Of particular interest is how the intention creation process of a teacher may be linked to the existing perceptions of the goals and means of embedded entrepreneurial education. Embedded entrepreneurial education as an approach to spreading entrepreneurial awareness among students seems to be lacking empirical support in the area of teacher belief and educational implementation. The paper attempts to contribute to this lack.

## **Methodology**

The paper is based on qualitative analysis of data gathered through the interviews of teacher participants in an EU funded Teaching Corps program. The aim of the Teaching Corps is to embed entrepreneurial teaching into disciplinary education within the universities and to provide teachers with a wider perspective of entrepreneurial thinking in university education. The teachers who participated in the study are from technical disciplines at the Technical University of Denmark (DTU), one of three universities participating in the program and represent approximately 56% of the populations of teachers enrolled from DTU. The interviews were guided by semi-structured questions that probed into perceptions about entrepreneurship and the intention creation process of each teacher towards entrepreneurial education. More precisely, the interviews probed into factors that influence the teacher's perception formation process as presented in the TPB. Reflecting this framework, the main themes of the questions and discussion were:

1. *The teacher's personal perception on entrepreneurial activity within her/his close referent groups*
2. *The teacher's personal perception of the relevance and coverage of entrepreneurial teaching within her/his specific area of teaching*
3. *The teacher's personal perception of her/his competence to adopt entrepreneurial teaching methods.*

The interview data was supplemented with information from the education material published by the Teaching Corps program and with observation of some program events. In the analysis we apply a loose pattern matching logic which consisted of grouping information from the two categories of interviewees under the three themes as outlined above, and comparing them with the projections based on the pillars of TPB.

## **Results and Implications**

The results present rather a strict division on the perceptions among the teachers. One set of participants completed the program, while the other group discontinued after the introductory session. The group finishing the program discusses embedded entrepreneurship education as a mindset while the group discontinuing the program approaches the topic through concrete knowledge provision. This division can also be seen to transfer to the intention creation processes and justification of the importance of such implementation.

The results suggest some impact of teacher education activities in creating understanding of the goals of embedded entrepreneurial education, but also on building the awareness of methods useful in this embedment. While the program has in many cases raised the intention level of the participant group towards the relevance of implementation, the responses of co-workers, creating the critical referent group in the formation of subjective norm is acting as the primary restraining force in the intention creation process. This raises the demand for faculty- and university-wide discussion on the role of entrepreneurial mindset in disciplinary teaching as well as suggests further research needed for assessing of the role of the teacher in this implementation.

**Key words:** waiting time, planning, graduate women entrepreneurs, business start-up, human capital;

### **Aim of the Paper**

Before the formation of a new venture, some cognitive process, requiring critical decisions, takes place in human mind (Brush et al., 2008). This process is known as the entrepreneurial process and one of the most basic decisions refers to the time of setting up a business. Contemporary entrepreneurship research is challenged by reconstructing this entrepreneurial process with the superior aim to investigate its nature, flow and applied resources. The entrepreneurial process is regarded as opportunity driven. However, opportunities emerge at any time and in many forms (Ucbasaran et al., 2001). As Moroz and Hindle (2011) notice: "Time matters: opportunities do not last forever and market receptiveness can differ over time". Opportunities are the result of an entrepreneur's actions, which take time, rather than they are result of what they see at a particular point in time (Gartner, 1989). It becomes evident that entrepreneurship as a process of becoming (Bygrave, 1989/2002; Kuratko, 2005) and emergence requires more studies related to time issues. In this paper, we call the time before launching the business as "waiting time" and we define it as the time between the opportunity identification until its exploitation in real life. Within waiting time individuals plan, develop and evaluate their ideas. The dynamics and time dimension of these phases are very individual. However, it is utmost interesting to understand better when the right time comes to exploit a business opportunity and what it is triggered by, i.e. what are its determinants. At the same time, studying waiting time remains demanding - it is continuous but also heterogeneous as we move through time (Moroz and Hindle, 2011).

We are particularly interested in women entrepreneurship and we are driven by the Global Entrepreneurship Monitor (GEM 2010) special report on women entrepreneurship that reveals that women on average manifest lower perceptions about opportunities and capabilities, lower intentions and higher fear of failure than men. However, as there are differences in ontological approaches between females and males (Bird and Brush, 2002), a comparison of male and female behaviour is assumingly not the only nor necessarily the best way to examine women entrepreneurship (Brush, 1992, de Bruin et al., 2007). Thus, we focus on the specifics of waiting time among women as the core research phenomenon.

In this paper, we claim the importance of time as a vital dimension of investigation when it comes to opportunity exploitation. The aim of the study is to understand better which factors influence women decision regarding time of launching the business. Adding selected human and social capital theories into the waiting time discussion offers compelling insight on entrepreneurship at the individual level, thus we hope to get a better picture of women entrepreneurship and its triggers.

### **Background Literature**

There are many reasons influencing the time of a business start-up. Entrepreneurship literature related to the time issue is divided into at least two streams. The factors deciding on the moment of opportunity exploitation can be split into ones that are independent from entrepreneurs (mostly related to market and economic condition) and those who are related to their personal characteristics, experiences and knowledge.

In the first stream, for example, Timmons and Spinelli (2009) introduced the concept of window of opportunity, thus the same frames of time and circumstances that are favour to opportunity exploitation. According to the authors, the window of opportunity opens when its market has appropriate size, structure and speed of growth. Together with the growth of the market and saturation with firms and competitors, the window closes. The time is significantly important in case of entrepreneurs reproducing or imitating an existing business idea. The attractiveness and topicality of opportunities is related to market time. Opportunity is available broadly, so the time is a crucial factor to be successful. In case a new opportunity is created, time seems to be less crucial, as the opportunity is less available to everybody.

When it comes to personal characteristics, applying human capital theories seems to be promising (Becker, 1964; Mincer, 1958). In this perspective, time is regarded as one of the resources. Human capital refers to individuals gaining skills and knowledge by means of experience, education and learning (OECD, 2001; Pennings and Wezel, 2007). To better understand the phenomenon of waiting time, we employ both formal and informal human capital. To determine factors of waiting time, we also take advantage of role models (referential others), i.e. an element of social capital, as one of the factors explaining an entrepreneurial behaviour.

Thus, this study focuses on personal characteristics influencing waiting time to launch the business of women.

## **Methodology**

To achieve our research aim, we state the following hypotheses regarding the waiting time of graduate women entrepreneurs before they started their business:

H1: Waiting time before starting a business of graduate women entrepreneurs varies by the extent of their formal human capital accumulation.

H2: Waiting time before starting a business of graduate women entrepreneurs varies by the extent of their informal human capital accumulation.

H3: Waiting time before starting a business of graduate women entrepreneurs depends on having a role model.

The study is part of a larger research project granted by the Federal Ministry of Education and Research in Germany. Collected data allow for a Germany-wide representative study. Telephone interviews (with CATI) lasting 30 minutes on average were conducted for this purpose. The hypotheses were tested on a sample of 686 female adults from Germany with university education. The hypotheses have been tested by means of a logit regression, using a dichotomized outcome variable of waiting time.

The dependent variable, the waiting time, is measured using an indicator for short versus long waiting time with zero for up to three months (short waiting time) and one for more (long waiting time). Participants were asked how long it took them after they considered to launch their business for the first time, until they started to realize it (concrete activities). In the original variable, the following categories could have been marked: up to three months, up to six months, up to one year, up to two years, or more than two years.

The independent variables refer to the human and social capital factors. We include training, role models, and other entrepreneurial task-based activities, like the attendance of any courses on the topic of launching a business (formal education), parents' self-employment as a proxy for personal entrepreneurial role models, professional training, participation in any competition about innovation, launching a business or opportunity creation, work experience, former unemployment, broad industry experience, and broad work experience. We also control for age when starting the business, for industry of the business, for new business launch (in contrast to business succession or active participation), for starting the business as a team, for a full university education and for finishing management or economics as study course.

## **Results and Implications**

The study only partly confirms the hypothesis of human capital accumulation having an impact on the waiting time. The estimated model reveals that there are two factors that positively influence the waiting time (which means waiting longer): having an entrepreneurial role model and having attended any seminar about starting a business ( $R^2 = 0.0715$ ). All the other factors in the model are not significant, including age when starting the business and industry of the business. We also achieved unintended effects of the study which enabled us to make some comparison between start-up and succession. However, in the case of launching a new business, in contrast to business succession or active participation, the waiting time is shorter.

The study is not without limitations. The sample is made up of a relatively specific group of the population: female adults with higher education. Adults with higher education demonstrate a greater tendency to start up a venture (Reynolds, 2011), and their high level of education would be especially useful in identifying business opportunities (Ucbasaran et al., 2008). However, at the same time, worldwide, women participate less in venture creation. They appear to be more dependent in their choices and less confident in taking decisions (Bandura, 1992). Therefore, the generalizability of achieved results to less-educated representatives of the population or to the population of female and male population, cannot be taken for granted. Furthermore, the study has been conducted in the German context. Although it may be considered as an example of a high-income European economy, some new research in other developed countries, but also in developing ones, would be valuable before these results can be confirmed.

Our findings may have practical implications for entrepreneurship education. They confirm the need for entrepreneurship education and support the idea of teaching interventions enabling students to interact with potential role model entrepreneurs.

**Track: Innovation**

**Title: Innovation Intermediaries In Sweden - A Missing Link?**

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## Innovation Intermediaries In Sweden - A Missing Link?

### Abstract

Intellectual property Rights (IP) such as patents are evolving rapidly from exclusionary instruments into tradable assets that can be transacted on the market for technology and generate income and wealth. Underpinning this development is the emergence of patent (IP) intermediaries. Patent intermediaries are enterprises whose business models are based on patent transactions, such as buying and selling, licensing or other types of trading with patents. Examples of patent intermediaries include, patent brokers, licensing agents, patent aggregators, and auction houses. These intermediaries are expected to play a key role as market creators and facilitators of patent transactions.

The purpose of this paper is to explore the prevalence, characteristics, and function of patent intermediaries in the Swedish context. The paper draws on an ongoing research on the role of intermediaries in the process of commercializing innovations.

### Background and literature

In the light of the emerging market for Patents, the managerial focus is shifting from patents as instruments of exclusivity towards patents as transactional assets that can be traded and generate income. Patents are licensed for royalties or equity, used as collateral for financial loans, and securitized, acquired or sold<sup>1</sup>. This development is most notable in the USA, where intangible assets reportedly comprise 85 percent of the value of publicly traded companies, an increase with 40% since 1980<sup>2</sup>. Annual revenues from licenses are estimated at 45 billion dollars for the USA and 100 billion worldwide. IP assets are generating more income than tangible assets in some leading companies<sup>3</sup>, such as, IBM, Texas Instruments, Ericsson and Nokia are generated through trade with patents

Explanations are often sought in the nature of the emerging markets for technology: i) problems of information asymmetry, ii) lack of standards, and iii) the “embedded” nature of inventor/s knowledge<sup>4</sup> which together increase transaction costs, risks for litigation, and in general obstruct transactions between suppliers and buyers. Patent intermediaries can mitigate transaction costs and capitalize on these irregularities in the market for patents<sup>5,6,7</sup>. Researchers draw parallels to the critical role of intermediaries in the development of the financial market<sup>8</sup>. Often, the surge in patent filings in the past decade is attributed to patent intermediaries on the market for technology<sup>9,10,11,12</sup>. However, remarkably

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9 In 1985 there were approximately 900 000 patent filings across the world. By 2006, this number had increased to approximately 1.76million filings and continues to accelerate. Sweden is ranked among the top-ten countries with the largest number of national/international patent filings. During the last few years, approximately 3000 patent filings have registered/yearly at the Swedish Patent and Registration Office (PRV). Further, international patent filings increased with more than 12% in the last year and are highest in the world at present (WIPO).

little is known about patent brokering practices, for example: Why do patent intermediaries emerge? How do they function? What is their impact? Under what conditions do they contribute to the effectiveness of markets for IP? This paper attempts to address some of these issues.

### **Prior research and method**

Research on IP intermediation is highly fragmented but the phenomenon itself is not new. The central role of the “middlemen” in the diffusion of innovations and new technology has been documented since the 16<sup>th</sup> century<sup>13</sup>. The mainstream research in the past two decades has focused on technology transfer agencies and institutional actors offering complementary services to inventors<sup>14,15</sup>.

The rationale of patent intermediating is explained by market imperfection<sup>16</sup>, i.e., The emerging market for technology is an unregulated/imperfect implying high transaction costs. Intermediaries introduce business models that mitigate these costs<sup>17</sup>. The research is thus framed in entrepreneurship theories<sup>18</sup>, and institutional economics, primarily transaction costs theories<sup>19</sup>. This framework has been found useful in the study of patent brokers in previous research<sup>20</sup>.

The research design is exploratory. Multiple sources and data collection techniques are employed: official data bases, archives, analysis of contents of websites and interviews. Patent intermediaries are not registered as a residual category in the Swedish Industrial Classification Code (SNI). Therefore, a combination of “telephone catalogue” methods has been used in order to identify the intermediary organizations.

### **(Expected) results**

Patent intermediation is mainly offered by patent lawyers and agents as an auxiliary service to customers. A very small number of private firms ( 5% of 360 firms) could be categorized as intermediaries. International online-firms were not included. In concluding, patent intermediation practices are evolving relatively slowly.

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## **Business Incubator Strategy: Towards a Co-opetition Approach**

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**Key words:** Incubator, Strategy, Co-opetition, Incubation process

**Track Title:** Different Contexts

**Paper Title:** Business Incubator Strategy: Towards a Co-opetition Approach

### **Aim of the Paper**

The purpose of this paper is to better understand the phenomenon of co-opetition in the business incubator industry and its presence in the incubation process. More precisely, two concepts are used which are widely exploited in the literature separately yet little used simultaneously: co-opetition and entrepreneurial support. More specifically, the absence of barriers to entry in this industry, particularly related to the regulation, raises the question of business incubators' sustainability which is threatened by potential new entrants. Furthermore, the crisis situation restricts public funds and reinforces the need for further research on this issue which has both theoretical and practical interests.

Literature review reveals an increasing interest in business incubators strategic position. Nevertheless previous studies focused mostly in individual strategies such as specialization of diversification strategies (Schwartz and Hornych, 2008; Vanderstraeten and Matthyssens, 2012). According to our knowledge, little research exists in business incubators inter-organizational strategies. Additionally, incubator managers, stakeholders and policy makers might need to develop collective strategies so to raise entrepreneurial ecosystem performance.

In this context, the paper aims to explore a new strategic perspective of business incubators management and explain how it could be beneficial to business incubators sustainability and performance. While business incubators adopt different strategies that can be put in relation with the co-opetition strategy, the article is focused on three coopetitive relationships in order to analyze the concept of co-opetition in the incubation process. We propose to study this concept in the business incubator industry that is marked from both intense competitive dynamics and the need for cooperation linked in part to the demands of stakeholders. Paper's main question is: how co-opetition strategy appears in the business incubator industry through business incubation process? To build this reflection, we will rely on the new developments in the field of strategic management and in particular the concept of co-opetition.

### **Background Literature**

Previous research on business incubators was focused on two directions: one on the diversity of types of business incubators (Grimaldi and Grandi 2005; Barbero et al., 2012) and the other on the strategies developed by business incubators (Schwartz and Hornych, 2008, 2010; Vanderstraeten and Matthyssens, 2012). This paper fits into this latter perspective by exploring co-opetition as a new strategic approach. In this point of view co-opetition is defined as the combination of two existing and opposite concepts simultaneously, that of cooperation and of competition (Brandenburger and Nalebuff, 1995). Different theories were used to describe and analyze the concept of co-opetition like The Game Theory, The Resources-based Theory or The Network Theory. The literature shows that there are several theoretical frameworks without consensus. In this paper, we will use Bengtsson and Kock's approach (2000) that explains the complexity of coopetitive relationships through a continuum of two extremities: the one of cooperation and the one of competition. Authors identify three basic relationships: cooperation-dominated relationship, equal relationship and competition-dominated relationship. For the first one, the balance tipped in favor of cooperation. Individuals set common goals to protect collective interests. In the second one, the scale is balanced between cooperative and competitive interactions. For the third one, the balance tipped in favor of the competition where individuals seek to maximize their own interests by developing egocentric and opportunistic behaviors.

Moreover even if co-opetition is studied in different industries (space industry, wine sector, biotechnology sector, media sector, etc.) and contexts (in the world of SMEs or in big company's environment) it is still little explored in other fields and poorly studied in entrepreneurial support industry. This particular industry represents a fort potential as for the last 30 years, the number of business incubators has increased significantly in all countries (Bruneel et al., 2012). This complex and emerging industry receives public support but remains relatively unexplored in the literature (Bergek and Norrman, 2008). This paper will follow the insights of Bergek and Norrman (2008) who propose a division of business incubation process into three main components: selection, business support and mediation. Selection refers to the initial phase in which incubator decides which enterprise will be incubated. Business support refers to resources and business assistance offered to tenants. Mediation refers to the phase that connects tenants between them or with other actors outside the incubator.

### **Methodology**

To answer the paper's main question, we based on a literature review by crossing two streams: that of co-opetition and that of the entrepreneurial support. This literature review allows a better understanding of the key factors encouraging the emergence of the co-opetition strategy in a complex industry. A number of articles about both co-petition and entrepreneurial support were analyzed and allowed us to define a specific framework. The

studied articles appear in the following journals: *Strategic management journal*, *Technovation*, *Harvard*, *Small Business Economics*, *Industrial Marketing Management*, *Journal of Technology Transfer*, *Journal of Business Venturing*, *Harvard Business Review*, etc. This exploratory study should be completed in the near future by a number of interviews with incubator managers to refine the key factors of co-opetition strategy in the business incubator industry. This paper shows the theoretical framework of co-opetition and its relationship with existing strategies in the business incubator industry. It also describes the key factors encouraging the emergence of co-opetition strategy in the complex and dynamic business incubator industry which is characterized by a multitude of actors. Finally, co-opetition strategy can be articulated with the incubation process through three basic phases.

## **Results and Implications**

Literature review shows that there is great diversity in the business incubator industry. This diversity leads business incubators to develop strategies that will enable them to gain competitive advantages and survive. Business incubation process is divided into three main components: selection, business support and mediation (Bergek and Norrman, 2008).

Cooperation is presented in the selection phase through selection committees that evaluate the potential value created and the risk of the projects submitted. Nevertheless, during this phase competition is stronger than cooperation. Indeed, competition stems from efforts to attract the best projects, which will enhance the business incubator's valorization and development (Clarysse et al., 2005). In addition, business incubators can demonstrate aggressive competition for maintaining their market shares and a good image for policy makers that contributes largely to their funding and so, to their sustainability (Aerts et al., 2007). The selection phase is thus characterized by a coopetitive relationship dominated by competition with strong competitive and low cooperative intensities. We can therefore state the following proposition:

Proposition 1: Coopetitive relationship is competition dominated in tenants' selection phase.

Nevertheless business incubators cannot provide all business services on their own but they collaborate with other organisms. Cooperation with competitors provides access to rare resources, improves the methods, techniques or processes and creates new capabilities by transforming the existing skills. This also provides a significant flexibility to the business incubator. Cooperation between business incubators allows the exchange of information, best practices, knowledge, experiences, ideas or mutual aid (Chan and Harayama, 2011). Through this "win-win" relationship, business incubators can offer a complete service to their tenants, reduce support costs and be more competent and efficient. Whereas cooperation strengthens competitiveness through the exchange of information, knowledge and experiences, competition contributes to the vigilance and the initiation of continuous improvement. Competition appears mostly in the access to financial resources and public funds. On the continuum of coopetitive relationship, cooperation and competition in resources and skills provision are balanced with high intensity for both sides.

Proposition 2: Coopetitive relationship is equal (between cooperation and competition) in business support.

Furthermore one of the main roles of a business incubator is to connect tenants with internal or external stakeholders and resources such as universities, venture capital investors, customers, suppliers... (Bøllingtoft and Ulhøi, 2005). Competition between business incubators appears in terms of visibility, image or reputation and networks as these factors contribute to attracting new projects. However, the need to belong to a network further reinforces the need for cooperation. The mediation phase is a coopetitive relationship dominated by cooperation characterized by high cooperative and low competitive intensities.

Proposition 3: Coopetitive relationship is cooperation dominated in mediation.

Finally our basic implication results by crossing strategic management and entrepreneurship field for studying the phenomenon of co-opetition in the business incubator industry. The article is focused on three coopetitive relationships in order to analyze the concept of co-opetition in the incubation process. Our results show that the relationship between incubators and other stakeholders is dominated by competition in tenants' selection phase, equal competition and cooperation in business support and finally dominated by cooperation in mediation. From a managerial point of view, this contribution is relevant for policy makers who seek to emerge cooperative relations between business incubators and improve the performance of the entrepreneurial ecosystem. It may also be interesting for managers of business incubators who are facing increased competition and they are led to reconsider their strategy or their business model. Cooperative relationships can be good but can coopetitive relationships be better? In this sense, co-opetition can be an analytical framework suited to this new context. These results show a first approach of the co-opetition strategy in the business incubator industry. Further

analysis and research can reveal other interesting results in this field such as specific cooperative typologies based on business incubators or the importance of co-opetition as a new strategic opportunity for this industry. The main limit of this paper is the absence of empirical evidence. Hence, we plan to conduct a qualitative study to verify the relevance of our three propositions. To do so, a number of interviews will take place with incubators managers, tenants and policy makers to also complete the framework with more specific variables. Then, a quantitative study will test the relationship between the different variables studied. It would be interesting to pursue this research by measuring the impact of co-opetition strategy on the performance of incubators and the necessary conditions for its development. There is no evidence on the best strategy for incubators in terms of raising their performance. This work remains to be done and opens the door to many and promising research.

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## **Entrepreneurial Improvisation in Global, Multicultural Environment: Balancing on Wire**

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Key Words: heterogeneous environment; entrepreneurs; managers; improvisational approaches and tools

**Track Title**

Internationalisation

**Paper Title**

Entrepreneurial Improvisation in Global, Multicultural Environment: Balancing on Wire

**Aim of the Paper**

The Entrepreneurs, working in today's global, multicultural environment need to respond to many challenges they meet. In many cases entrepreneurs have to deal with shortage of resources and heterogeneous specific conditions and requirements as a reflection of historical, political, socio-economic and psychological contexts. Than to the formal behaviour, entrepreneurs have to improvise for a better understanding, adding colour and imagination to the specific events, facts, etc. In the role of such improvisational approaches and tools, myths, metaphors, tricks, bluffs and jargon could be employed.

The aim of the paper is to analyse and demonstrate how improvisational approaches and tools could be used by entrepreneurs and managers working in heterogeneous, multicultural environment. The arguments are based on the works of prominent authors, different best practices and our own experience in the field in the last twenty years.

**Background Literature**

The history of research on entrepreneur's improvisation is relatively young. Most of the researchers acknowledge the pioneering contribution of Weick (1993), who observed the jazz band and its improvisation as an example/ prototype for organization learning and innovation, as well as the work of Morgan (Morgan, 1996) who used the metaphorical approach to characterize life in organizations.

B. Johannisson (1999), Burrell and Morgan (1999) were among the first researchers to present a systematic view of symbols and metaphors in the life of an organization. In addition, in the literature, entrepreneurial improvisation mostly relates to myths and metaphors (Morgan, 1996; R. Van Engen, 2008; Leone, 2010; Barrett, 1998). The author's studies (Pivoda, Hoy, Todorov & Voitko, 2011; Todorov, 1993a; 1993b; Todorov, 2011b) and many years of practical observations have enabled a broader and richer understanding of entrepreneurial improvisation.

If we apply the improvisation process in a more holistic manner to the person of the entrepreneur, it could be asserted: the entrepreneur as improviser is dealing with unfamiliar circumstances, assessing situations in a spontaneous, new way, using available knowledge, experience, intuition and charisma to achieve maximum effect. That means (as most authors emphasize) that improvisation is not a planned activity (Barrett 1998; Weick 1993). But in some cases an "experienced improviser" could anticipate (even provoke) situations needing improvisation and be (semi-) prepared in advance. (Todorov, 2011b).

**Methodology**

The research methodology includes observations and analysis, and critical reconsideration of prominent authors' work and good practice accumulated by the author in this field over the past twenty years, while researching, teaching/ training and consulting with students/entrepreneurs.

**Results and Implications**

The results suggest that one of the most important response to the challenges of today's international, dynamic, multicultural business environment is balanced improvisation, based on available knowledge, skills, communication/ negotiation skills, experience, and charisma.

Understanding the phenomenon of „entrepreneurship”, the figure of the entrepreneur and his/ her behaviour also requires unconventional approaches (improvisation) in the teaching/ training of students in entrepreneurship as well as nascent and established entrepreneurs. In this context, myths, metaphors and other tools serve well if properly selected and applied.

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## **What Students Should Really Learn to Be Successful Crowdfunders**

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Crowdfunding, education, financing, startup, social media

Track Title: Education

Paper Title: What Students Should Really Learn to Be Successful Crowdfunders

Aim of Paper:

We are exploring the abundance of literature and media on crowdfunding to determine what are the key skills a student needs in order to run a successful campaign. To do this, we are conducting meta-analysis of the literature where we identify each skill or core concept identified as a key to running a successful campaign. Next, we will create skill clusters—groups of similar skills that operate on a common theme. For example, marketing, finance, networking, customer service, and others. We will then either correlate each of the skills in a skill cluster with a concept or construct used in entrepreneurial classes or business classes in general. For skills with no clear reference point, we will identify the skill as being something not typically taught in a classroom and/or call out any deviation from traditional teachings. The goal of this analysis is to help educators identify the core skills that students need to be successful crowdfunders and provide a list of references to which educators can turn as course readings or supplementary materials.

Background Literature:

Crowdfunding, the act of raising funds from peers and strangers to achieve a goal or launch a project, product, or business, has recently seen a spike in interest with the creation of sites like Kickstarter and Indiegogo. A recent report shows the overall crowdfunding industry has raised \$2.7 billion in 2012, across more than 1 million individual campaigns globally. In 2013, the industry is projected to grow to \$5.1 billion (2013 Crowdfunding Industry Report). Moreover, what used to be a relatively small act constrained by the limitations of geography and limited transportation is now a digital phenomenon, meaning people and businesses can tap into vastly larger networks of people to raise necessary funds. In fact, crowdfunding sites give greater access to people who have funds and who share an interest in the project or goal. This has led to what were previously niche hobbies into a more mainstream prominence. For students, this means that business ideas that may have previously been discarded as having too small of a market or not being appealing to investors have an alternative funding option. This concept is further reinforced by the recent U.S. legislation that will allow crowdfunding to be used to invest in a startup. The implementation of crowdfunding for equity (where stocks are exchanged for cash via online sites) is mandated by President Obama's Jumpstart Our Business Startup (JOBS) Act, signed into law April 5, 2012. The SEC has to-date facilitated enacting 3 out of 6 title provisions of the Act – the outstanding three are Regulation A plus, exemption Regulation D, and 506c that removes the solicitation ban from private offerings under SEC and crowdfunding offerings online (cash for stock).

The challenge, though, is that although sites like Kickstarter allow most anyone to create a project, few know how to effectively create and manage a successful campaign. Unlike more traditional sources of funding, crowdfunding usually attempts to appeal to a multitude of people with more limited resources or funds. Adding to the confusion, many sites allow crowdfunding entrepreneurs to offer incentives in order to attract more donations or initial purchases. More than a few backers will contribute at levels that will not reward them with the actual good or service being developed while others will contribute money in order to spend additional money. For example, the *Veronica Mars* movie campaign on Kickstarter<sup>1</sup> launched and funded last year offered one contributor the opportunity to donate \$10,000 in order to pay their own expenses to get to the filming location in order to have one line in the movie and three others could donate \$8,000 to pay their way and their lodging to just be extras in the movie.

While the above examples may seem bizarre or the result of rabid fandom, it's actually not an isolated event in crowdfunding. Donor/consumer behavior in crowdfunding campaigns have certain trends and require careful management of the initial pitch, on-going updates and crowdfunding site maintenance, supplemental marketing, and an understanding of how a project connects to the potential donors. Some of these skills students can learn in entrepreneurship classes; others are radical departures from more traditional models.

There are a wide variety of sources that focus on crowdfunding directly, including the book *Kicking It: Successful Crowdfunding* (Cooke and Germain, 2012), podcasts and articles about the topic, post-mortems (analyses of the successes and failures of a campaign after it has completed), updates from current and completed campaigns, and more. However, many of these fail to fully tap on the existing literature of key aspects of the process, such as donor behavior, core marketing principles, how to budget and plan appropriately, how to protect intellectual property while providing information necessary attract donors,

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<sup>1</sup> <https://www.kickstarter.com/projects/559914737/the-veronica-mars-movie-project?ref=live>

managing expectations, concerns, and complaints, and other aspects of managing an on-going but limited duration financing campaign.

#### Methodology:

We are exploring the abundance of literature and media on crowdfunding to determine what are the key skills a student needs in order to run a successful campaign. To do this, we are conducting meta-analysis of the literature where we identify each skill or core concept identified as a key to running a successful campaign. Next, we will create skill clusters—groups of similar skills that operate on a common theme. For example, marketing, finance, networking, customer service, and others. We will then either correlate each of the skills in a skill cluster with a concept or construct used in entrepreneurial classes or business classes in general. For skills with no clear reference point, we will identify the skill as being something not typically taught in a classroom and/or call out any deviation from traditional teachings. The goal of this analysis is to help educators identify the core skills that students need to be successful crowdfunders and provide a list of references to which educators can turn as course readings or supplementary materials.

#### Results and Implications:

Crowdfunding is gathering momentum across the globe as countries including The United Kingdom, Canada, Australia, Italy, Germany, Sweden, Norway, Finland, Turkey and New Zealand as well as the United States, few people have tried to take a comprehensive look at formally training people in this alternative to traditional funding. And with the coming implementation of the recent U.S. law that will allow donors to receive equity in a business that may be adopted by other countries and/or allow international investors, conceivably radically changing the investing landscape, we want to create a foundation upon which forward-thinking educators can build into their classrooms.

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Track Title	Internationalization
Paper Title	Conventional versus Dynamic measures of Export Performance
Aim of the Paper	Proposal a dynamic export performance measure and compare with conventional ways to measure export performance in SMEs
Abstract	

## Conventional versus Dynamic measures of Export Performance

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Key Words: internationalization process, export performance, dynamic, SMEs, Technology-intensive Suppliers

This research describes several situations around export SMEs and their export development process. On the one hand, the dynamic condition of the export process requires dynamic measures of export performance. Currently, export performance indicators involve static analysis (Sousa, 2004). In this research a Dynamic Export Performance indicator has been created, as a way to close this gap.

Export performance is a concept broadly analyzed. This concept corresponds to the outcome of a firm's export activity. There are many way to measure it based on the focus and objectives in each research. Through a meta-analysis it has been possible to get to the idea that there are objective and subjective measurements (Katsikeas et al., 2000). On the one hand, objective measures come from figures linked with financial export performance (*export profitability, export profit margin, export profit margin growth*), export sales (*export intensity, export intensity growth, export sales growth*, among others) and export markets (total of countries) (Leonidou et al., 2002). In this set of measurements the most used indicator is *export intensity* (37%) (Sousa, 2004). On the other hand, subjective measures come from several different views of the perception of export activity. In this group there is a wide range of perception indicators, at least 39 different measures, while in the objective measure group there are 11. To mention some of them: *export sales growth importance, export profitability importance, export intensity importance, export market share importance, overall export performance importance*, among others. In this research *export profitability importance* reaches 42%. The importance of self evaluation has regularly been stressed in the export marketing literature (Robertson, et al., 2000).

This research proposes the concept of Dynamic export performance. This concept involves a way to measure export performance based on longitudinal data. Traditionally export performance is measure by one piece of data. This proxy of the export process has been widely validated by researchers. Nevertheless, in this research, this traditional index is complemented with a way to understand the changes and adaptation shown by firms in their export process. A dynamic approach about export performance is important because is a wide understanding of differences among firms. Firms show different export behaviours, different levels of export, different market diversification and different export intensity, thus, it is not possible to assume that a set of variables can explain export behaviour in all cases. First of all is necessary to analyze these elements. Hence, the challenge is define a set of criteria in order to observe export development process through Dynamic Export Performance (DEP).

This indicator is called DEP because it is based on changes and adaptations that firms develop in the course of time in an export process. According to Stacey (2003; p. 3) *Dynamics means movement and concern with dynamics is the concern with how phenomena move, unfold or evolve over time. Dynamic phenomena are ones that display patterns of change over time and a study of dynamics is concerned with what generates*

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*these patterns and what properties of stability and instability predictability and unpredictability they display.* This indicator is composed by three elements: Export activity behaviour, market diversification and export intensity average in a longitudinal data analysis between 2002 to 2009.

#### Methodology

In this research has been analyzed the export development process in Chilean Technology-intensive Suppliers (TiS) as a complex research topic using multi-strategy research methodology. Due to the complexity of the variables under analysis in this research several sources of data (primary and secondary sources) have been used and also several analytical methods. Primary source data has been obtained from a survey involving 64 Chilean TiS between October 2009 and February 2010. Secondary sources correspond to documents produced and studies which have been carried out by the Chilean government and private institutions. Hypotheses test is done by PLS analysis (Partial Least Square), using Smart PLS software.

#### Results and Implications

What are the influential factors in export performance? In both traditional export performance measures (export intensity and export markets) and dynamic export performance measures (total export markets, total new markets, export intensity average and export activity behaviour over a period of time) are influenced by: environmental conditions (Business Ecosystem) (Paltoniemi et al., 2004), the international entrepreneur and firm's export conditions (Torres et al., 2011). This means that the proxy of the export development process could be static or dynamic and its influential or explaining elements are the same. Longitudinal analysis is adequate for describing a firm's development process and its characteristics. Both approaches are valid as a proxy of the export development process. In conclusion, this research has demonstrated that conventional and dynamic export performance measures are describing export development process, without any relevant difference between them.

#### Background Literature

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## **The F-Factor: The Paradox of Feminisation for UK Women Veterinary Surgeons**

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**Keywords:** Professions, entrepreneurship, gender, feminisation, industry-restructuring.

**Track Title:** Gender

**Paper Title:** The F-Factor: The Paradox of Feminisation for UK Women Veterinary Surgeons

**Aim of the Paper:**

The proportion of women in the labour market has continued to increase in recent decades (Bradley, 2010). Whilst gender based employment segregation persists such that women remain over represented in lower status, lower paid employment, there has been some encroachment into male dominated professions. Indeed, within developed economies per se, young women have been specifically encouraged to pursue careers in science, engineering and technology disciplines (Wynarczyk and Marlow, 2010). The sex composition of the available, professional labour-force within SET-related professions has shifted over time with some, such as pharmacy, now female-dominated suggesting increasing feminisation (Reskin and Roos, 1990; Tanner and Cockerill, 1996; Gardner and Stowe, 2006). While women entering masculinised professions have experienced discrimination and glass ceiling effects which hamper career advancement, as their presence increased it was expected that their access to senior managerial and leadership roles would be enhanced. This in turn, would lead to more women entering entrepreneurial careers in related professional sectors. In short, enhanced female sex composition ratios in professional workforces were expected to result in reduced gender inequalities in women's professional outcomes over time such that their presence as executive managers and entrepreneurs would increase.

This paper aims to critically explore the influence of feminisation on one particular profession in the UK, that of veterinary medicine; a profession currently considered gender-balanced but moving towards feminisation. Increasing numbers of women have entered the veterinary profession in recent decades. In 1998, 30 per cent of vets in the UK were female (RCVS, 1998) whereas, currently, seventy one per cent of UK vets under 40 are female (RCVS, 2010a, p. viii) with women comprising fifty-four per cent of veterinary surgeons working in practice in the UK overall (RCVS, 2010a). Given that eighty per cent of undergraduates are now female (RCVS, 2010b) and that UCAS applications from females significantly outnumber those from males, as additional veterinary school places have attracted increased female applications while the male application rate remains relatively stable (Andrews, 2009); this trend towards a numerical dominance of women will undoubtedly continue for some years to come. In exploring the influence of feminisation on the UK veterinary profession, this paper aims to analyse the operationalisation of gender within this professional context, exploring the nature of the relationship between feminisation, industry structure and women's entrepreneurial activity.

**Background Literature**

The detrimental influence of gender upon women's progression within professional occupations is well rehearsed (Reskin and Roos, 1990; Witz, 1992; Bradley, 2010). Veterinary medicine may be considered an exception given the reported female dominance at undergraduate level and in clinical practice (RCVS, 2010a; RCVS, 2010b). However, majority presence is not coterminous with higher status and success as vertical and horizontal segregation is evident, with women occupying the lower ranks of the profession and receiving poorer remuneration (Treanor et al., 2011). How this segregation is reflected in trends towards self-employment through practice ownership and partnership has not been explored or considered. Thus, this paper builds on existing work regarding gender and professional employment transposing this to the context of self-employment and implications for the contemporary profile of the veterinary sector.

Despite the numerical dominance of women within the veterinary profession, women have been found to remain significantly less likely to start and own their own business (RCVS, 2010a). The reported reluctance of women veterinary surgeons to launch their own practices is considered to be contributing to the increasing corporatisation of the sector; clearly there are fewer new small practices entering the sector, whilst the only viable exit strategy available to many traditional (typically male) practice owners is to sell to corporate chains. The exact relationship between women's entrepreneurial interest and activity in this feminising professional context and the shifting industry structure is therefore, an important, but as yet under-researched, area of exploration.

**Methodology**

This interpretive, qualitative research study was informed by a social constructionist, feminist epistemology. Qualitative interviews with key industry informants were undertaken in relation to the macro-level challenges, changes and opportunities within the sector. Semi-structured personal interviews were undertaken with a

stratified, purposive sample of women veterinary surgeons obtained from the Royal College of Veterinary Surgeons' professional register. In total, thirty-one women veterinary surgeons working in practice in the UK were interviewed, to explore their business ownership aspirations and barriers and their career experiences. The impact of feminisation was discussed with both sets of interviewees.

## Results and Implications

The UK veterinary sector is a relatively under-explored site of study, especially in relation to gender and entrepreneurship, but it affords the opportunity to illustrate the macro-level effects of gender on industry structure within a feminising professional context. This research therefore offers new insight into the dynamics of far reaching change within a profession arising from trends towards feminisation. Subsequently, the implications for the realisation of entrepreneurial potential and industry diversity need to be understood within the context of these changing dynamics. Moreover, this research may inform current debates and expectations across a range of professions, in different country contexts, undergoing feminisation.

These findings suggest that attributing industry restructuring, as a result of the ascension of corporate business models, on women veterinarians' reluctance to buy veterinary practices, either outright or in part, is a misleading and incomplete portrayal of gender practices and effects within the profession. The findings highlight the paradox of feminisation whereby an increasing proportion of women does not mitigate the traditional gendering of the professional landscape and practices as might be expected. Instead, feminisation is posited as a male-gendered process that serves to reproduce and continue women's subordination in their professional endeavours. The relationship between feminisation, industry restructuring and women's entrepreneurial activity is certainly not straightforward. The blame discourse stemming from the facile conflation of the concurrent trends towards feminisation and corporatisation, appear to be based on gendered stereotypes and assumptions. These findings however, suggest that industry context has a significant influence on women's entrepreneurial activity that has, thus far, been overlooked with gender inequalities prevalent that impede entrepreneurial activity for some interested women.

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## **Institutional Model of SMEs internationalisation**

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Key words: internationalisation, SMEs, institutional environment, Russia

## Abstract

### Track: Internationalisation

#### Paper title: Institutional Model of SMEs internationalisation

##### Aim of the Paper

The aim of this paper is to build the institutional model of SMEs internationalisation that encompasses the factors of domestic institutional environment that impact the decision of small and medium-sized enterprises (SMEs) to go abroad on the example of Russia.

##### Background Literature

Internationalisation can bring multiple opportunities for firms' growth and development. Big corporations are usually the main actors on a global market but SMEs can take advantage of the situation by a well-time decision about internationalisation that can help them to reap the benefits of international operations without suffering from the *liability of smallness* and *liability of foreignness* (Hymer, 1976; Stinchcombe, 2012).

Internationalisation of SMEs is still the topic of considerable relevance and the emerging economies as a study context attract attention as well (e.g., Ketkar, Zoltan, 2013). In addition, the topic is very important in Russian context where the orientation on modernization and diversification are considered to be a high priority for economic prosperity (EBRD, 2012). It is a well-known fact that Russian export depends on natural resources and the danger of their further exploitation is obvious, especially for sustainable development. That is why SMEs can become a solution: their international operations can lead to the desired goals.

There are multiple theories of internationalisation struggling to explain why there are international operations but internationalisation is also an entrepreneurial step because it is associated with starting international operations in a new place. This aspect is stressed in international entrepreneurship research (McDougall, Oviatt, 2000) which brings the elements of entrepreneurial orientation to the research of SMEs' internationalisation and provides a better explanation of the reasons that stand behind the decision to go abroad. Internationalisation offers multiple benefits for SMEs that may out-weight other negative factors. For instance, it can enhance firms' competitive advantage, innovativeness, knowledge and experience or provide access to 'best practices', new customers and resources. The factors of external environment are also highly important and should be analyzed thoroughly. But the institutional environment as a part of external environment deserves special attention in emerging economies such as Russia (Volchek et al., 2013). The institutional environment in Russia is rather unfavorable: it is ranked #112 out of 189 countries by *ease of doing business* and #162 by *trading across borders* (Doing Business, 2013).

The institution-based approach reminds us that institutions shape the behavior of economic agents (Peng et al. 2008). Institutions regulate the interaction with the external and internal environment at different levels and with different level of formalism. Institutional environment combines multiple institutions and they can be dynamic and complex, putting certain restrictions on opportunities available and limiting the strategic perspectives for firms' growth. But they can create favorable conditions for business development (Xheneti, Smallbone, 2008). Thus, using the multi-level institutional approach and analyzing further the literature, the institutional model for SMEs' internationalisation was elaborated. All institutions are responsible for certain functions and attributable to certain levels of flexibility (as susceptibility to influence in interaction with SMEs). It is supposed that at the macro-level (low level of flexibility) institutions concern with the regulatory/control function that defines the legal patterns of SMEs strategic behavior; at the meso-level (medium level of flexibility) institutions concern with the supporting function meaning that the task is to create favorable infrastructure for SMEs strategic development; and at the micro-level (high level of flexibility) institutions concern with interworking function where they create all conditions for business development when the 'face-to-face' cooperation takes place. They are interconnected and interdependent. Besides, there is growing recognition that entrepreneurial behavior (and internationalisation is its demonstration) needs to be analyzed in the context where it occurs (Welter, Smallbone, 2011). That is why the domestic institutional environment is considered. The evaluation of institutional environment is subjective and depends a lot on personal background and experience. That brings back the role of entrepreneurial perception in decision-making process. Combining together the current global trends that illuminate the motives for SMEs' internationalisation and the generally negative perception of domestic institutional environment in Russia, the following hypotheses were suggested:

H1. Negative perception of institutions with regulatory/control function in the domestic institutional environment is associated with a higher probability of SMEs' internationalisation.

H2. Negative perception of institutions with supporting function in the domestic institutional environment is associated with a higher probability of SMEs' internationalisation.

H3. Negative perception of institutions with interworking function in the domestic institutional environment is associated with a higher probability of SMEs' internationalisation.

## Methodology

The data were derived from the Business Environment and Enterprise Performance Survey 2012 Russia (BEEPS, 2012). The survey was conducted in 2011-2012 by the World Bank. The logistic regression was used to examine the model where the total sample included 3605 firms. The dependent variable was the probability of SMEs' internationalisation (binary variable that identified the involvement in international operations). The independent variables were chosen to operationalize three groups of institutions and they were measured by 5-point Likert scale. Among controls there were firm age, size, industry and federal districts.

## Results and Implications

Based on the results of logistic regression Hypotheses H1 and H2 were confirmed while Hypothesis H3 was confirmed partly. In general, negative perception of institutions with suggested functions increase the probability of SMEs' internationalisation. One reason is the nature of Russian transition period that can be a 'push' factor for firms. Another reason is proactive orientation of SMEs that follow global trends. Their decision to go abroad does not tell anything about the scope and scale of internationalisation and it can be considered as a first careful step with future potential when the domestic institutional environment will become more favorable and stable.

The model can be used as the basis for estimation the quality of institutions for SMEs' internationalisation and for the measurement of the effect of undertaking steps aimed at improving the institutional environment for SMEs' internationalisation in order to help them to modernize and diversify Russian economy. In addition, it can highlight the weakest and the most influential functions of institutions at the different levels by using aggregative indices. SMEs' owners can use the model to analyze the domestic institutional environment by three-level factors and be aware of existing barriers and opportunities for internationalisation in time.

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## Title page

### The SMEs and Their Strategic Relationship to the Region – case Helsinki Metropolitan Region

**Track:** Policy

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**Key words:** strategy-as-practice, SME, public sector, city brand, strategy, narratives

## **ABSTRACT**

### **Track title**

Policy

### **Paper title**

**The SMEs and Their Strategic Relationship to the Region – case Helsinki Metropolitan Region**

### **Aim of the Paper**

The regions compete and try to create brands which attract businesses and citizens in order to grow and flourish. The businesses and the cities and other actors benefit of a region which is dynamic and has a strong brand image. Previous research shows that the large organizations in the region (i.e. cities, universities and large companies) state in their strategies that their role is also to develop the region – not only benefit from the region. Currently, there is a gap in the research analyzing SMEs and their strategies in regard to this relationship with the region. It can be seen that the two-way relationship may build a positive loop for the region: the brand supports the businesses as well as the businesses support the branding. Thus, the main research questions are: How and in what manner is the region displayed in the strategies of the selected SMEs and what kind of relationship can be identified between the SMEs and their region?

### **Background literature**

Strategy-as-practice literature highlights the importance of the actors and their practices in planning and implementing the strategies (Whittington 2006). The strategy is not only something the organization has, but merely actions and operations that form the strategy (Whittington 2006). In regional perspective, the strategies of the regional actors may be seen as a mosaic kind of structure which forms a holistic picture of the regions (Deuten and Rip 2000 Georgakopoulou 2007 and Fenton and Langley 2011).

The narrative research tradition offers an interesting perspective on the strategy-as-practice approach, as the written strategic procedures can be seen as the organizations stories for the future (Fenton and Langley 2011). Based on the narrative research tradition, stories can be extensively analyzed through the small and formed micro level stories (Georgakopoulou 2007) starting and ending towards wide macro level stories (ex. Deuten and Rip 2000). Narratives or in other words stories are found to have a critical outcome in formation of a common understanding of the future (for example understanding the vision of the organization). The makers of the story towards a common goal can be for example the upper management of the organization or employees all together. The strategic narrative expresses the path, mile points and potential de-routes in the story, towards a vision (Fenton and Langley 2011) Narratives as strategy-as-practice approach is linked in this research in order to provide the theoretical frame for the study .

This paper builds a continuum for the research program which has been carried out by the Helsinki Metropolitan Region Urban Research Program. The previous research analyzed the strategic relationship between the region and public sector organizations and businesses. A strong reciprocal relationship was found between the public sector actors and some of the large business. Only a small amount of large companies had a strong reciprocal relationship with region. The rest of the large businesses had only a weak or non-existent linkage to the region (Tuomi 2013). The SMEs were not involved in the first part of the study and this paper fills existing gap in the research

## **Methodology**

The strategy-as-practice research perspective in combination of the narrative method builds the theoretical frame for the research. The written and published strategies of the selected SMEs operating in the Helsinki Metropolitan Region were analyzed using the narrative research method. Also, thematic interviews were made for selected SME owner-/managers in the region in order to generate deeper understanding of the strategy especially in those companies which did not have written strategy.

## **Results and implications**

The results show that the relationship between the SMES and the region is scattered. The all possible relationship modes were found: one-way, reciprocal and non-existent. The positive loop for a brand creation can't take full advantage by the reciprocal relationships of the actors in the region. To conclude, as suggestions for the regional actors, each organization and company should seriously analyze their role and relationship in regard to their region and after, that they should develop their strategies according to the selected role in order to take advantage of the successful and competitive region. And vice versa, they should define how they could take part in developing their region and its brand.

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# Regional Social Capital of Venture Capital Financed Start-ups

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Key Words: VC, Social Capital, Local Embeddedness, Sweden

## Track Title

Firm Performance

## Paper Title

Regional Social Capital of Venture Capital Financed Start-ups

## Aim of the Paper

In this study we hypothesize that the venture capital providers (VC) contributions to a start-up's regional social capital mediate the effect of VC's non-financial value adding activities on the start-up performance. The hypothesis is tested in a sample of 152 VC-funded firms in Sweden.

## Background Literature

Aside from equity investments, Venture Capital providers (VC) have been recognized to contribute substantially with managerial expertise to the start-up firms that they have invested in (Kaplan and Strömberg, 2004; Denis, 2004). These contributions are generally seen as assistance in decision making and formation of business processes (Bottazzi et al., 2008). Furthermore, VC investors facilitate a portfolio firm's networking activities with other organizations (Hsu, 2006) by signaling the quality of the firm (Luukkonen et al., 2013). High-technology firms, which form a focal group for VC's equity investments, tend to establish a wide range of cooperative relationships within a regional cluster (Capello, 1999). These networking activities result in knowledge sourcing and opportunity identification, yet benefiting from such relationships is dependent on a firm's regional social capital and its degree of local embeddedness (Amin and Thrift, 2000). Earlier studies suggest that local embeddedness can have a significant impact on start-up survival and performance and that this effect is not always positive – firms that get too overembedded in a local network might experience negative returns in terms of innovative and financial performance due to local myopia (Hagedoorn and Frankort, 2008). Thus, in this study we hypothesize that the VC's contributions to a start-up's regional social capital has a positive effect on the start-up performance and mediate the effects of other VC's value adding activities on portfolio firm performance.

## Methodology

The data for the study is derived from two sources, a survey of 153 CEOs of VC-funded firms and longitudinal annual report data. A sample of 699 portfolio firms was identified by screening the member firms of Swedish venture capital association (SVCA). Following the deletion of 106 firms that were not active (the company has ceased to exist, VC had already exited, or firm was not financed by a VC) we identified 593 active portfolio firms. Using the organizational number of the firm we have identified the CEOs and then collected their home from another data provider. After two reminders, 153 responses were collected, providing a response rate of 26 percent. We conceptually develop and operationalize the concept of local embeddedness and of regional social capital as start-up's degree of local involvement and its ability to access unique resources within its local environment. Scales for non-financial value adding activities of VC and performance are derived from the earlier studies. Confirmatory Factor Analysis shows that all multiple item-measure exhibit acceptable levels of convergent and discriminant validity. We set up a system of simultaneous equation and estimate it using 3SLS. To check for robustness, we perform a mediation test and estimate a model with interaction effects

## Results and Implications

The results show that VC contribute directly to start-ups networking capability and indirectly to the start-ups regional social capital. Both effects are weakly associated with positive performance of VC-backed firms. Furthermore, the results show that a high degree of local embeddedness is negatively associated with performance of the portfolio firms.

# **The Success of SME Business Transfers – Buyers’ and Successors’ Perspective**

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Key Words: business transfer, mergers and acquisitions, succession, SME

## Track title: Small Business Management

### Paper title: The Success of SME Business Transfers – Buyers' and Successors' Perspective

#### The aim of the paper

Business transfers have been both a popular strategic option in business and a popular research area in recent years. Existing business transfer research focuses mainly on mergers and acquisitions of publicly traded large firms. However, business transfers are becoming gradually more popular also with small businesses, mostly because of aging of entrepreneurs. Aging is one of the greatest social and economic challenges of the 21<sup>st</sup> century for European societies. This will have an impact not only on the ownership of enterprises but also on employment and growth prospects. Business transfers are essential to the vitality and performance of national economies (e.g., Van Teeffelen, 2012; KfW, 2009; Meijaard, 2007; Dyck et al., 2002), and economic losses may arise from the fact that viable businesses do not find new owners. On the other hand, aging of entrepreneurs and the increasing number of firms looking for buyers and successors offer great prospects for younger entrepreneurs to pursue growth of their existing businesses in a non-organic way. According to recent surveys, approximately 20-25 % of SMEs will find a successor inside the family while almost 40 % of firms are looking for external buyers (Varamäki et al., 2012; Battisti & Okamuro, 2010).

In addition to bringing dynamic to the business environment, business transfers and successions have a unique potential to transform firms and contribute to strategic renewal (Niemi, 2005; Barney, 2001; Priem & Butler, 2001; Haspeslagh & Jemison, 1991; see also Varamäki et al., 2012a,b; Koironen, 2003), although on the other hand there is a lot of empirical evidence of failure in business transfers and successions (e.g., Baker et al., 2012; Van Teeffelen, 2010; Chatterjee, 2009; Langford & Brown, 2004; Meijaard, 2005; Sharma et al., 2003; Venter et al., 2003; Seth et al., 2002; Marks & Mirvis, 2001). Many entrepreneurs lack knowledge and experience of the business transfer process. This is why, in most business transfers, various advisors assist the sellers and buyers on organizational, financial, tax, law and emotional issues (European Commission, 2002; Sharma et al., 2001).

The purpose of this paper is to study business transfer experiences and views of SME buyers and successors. The objectives are to analyse (1) the success of business transfer from the point of view of buyers and successors, (2) the intensity of business development implemented by buyers and successors after a business transfer and (3) the exploitation of external expertise in transfer processes. Moreover, the profiles of buyers and acquired firms are taken into account in analyses.

#### Background literature

The theoretical framework is based on the resource-based view (RBV). The resource-based view provides one explanation for how competitive advantage is sought in business transfers. Business transfers provide an opportunity to trade otherwise non-marketable resources and to buy or sell resources in bundles (Wernerfelt, 1984, 175). Buyer entrepreneurs and buyer firms may have the kind of new and critical resources that can be combined in an innovative way with resources of an acquired firm. In business transfers the key success factor is planning and managing the post-acquisition integration (Haspeslagh & Jemison, 1991; Stahl, Larsson et al., 2011). That's why the buyers' experience (Barkema & Schijven, 2008, 697), and utilization of external advisors in business transfers may affect the success of business transfers and the intensity of the business development after the business transfer. Management control systems may have a crucial role in different organizational change processes such as acquisitions, mergers or business takeovers, because they can provide information for decision making which can be utilized by skilled users (see Barney et al., 2001; Chenhall & Euske, 2007; Hoque & Chia, 2012). As Wright et al. (1997) propose, habitual entrepreneurs may on the whole have a different motivation than other types of entrepreneurs. Habitual entrepreneurs may have a vision of how the acquired firm needs to be developed after the acquisition. This vision is constructed during earlier business transfers.

#### Methodology

The data was collected in spring 2013 using an internet survey targeted to buyers and successors who had experienced a business transfer in Finland years 2008–2012. Altogether 357 responses were received.

Their subjective evaluation of the business transfer success was asked with a Likert scale from 1 (very unsuccessful) to 5 (very successful). Performance was measured by the modified instrument of Baines and Langfield-Smith (2003). The respondents were asked to indicate their company's performance relative to their competitors' after the business transfer. The scale ranged from 1 (unsatisfactory) to 5 (excellent). The instrument of business development and management control system development was modified from the

studies of Baines and Langfield-Smith (2003), Cadez and Guiding (2008) and Silvola (2008). We applied a Likert-type scale from 1 (no change at all after business transfer) to 5 (change to a great extent).

## **Results**

According to the results, SME business transfers are successful. More than 80 % of the buyers and successors rated their business transfer as successful or very successful. Only 9% considered their business transfer as unsuccessful. Moreover, over a half of the buyers regarded the purchase price as suitable / right, 23% regarded it as cheap, while only 25% regarded it as expensive. Valuation and high asking price of sellers were the most common problems in the business transfer processes (cf. Ip & Jacobs, 2006). All the other problems were relatively minor according to buyers.

A positive finding was also that the buyers and successors develop their businesses after business transfer. Although the survey coincided with a recession, some transferred businesses had experienced growth. The owners had put the most effort into changing the strategy or routines and the objectives of the firm. The next most common areas of development were quality control, products and services and more professional management. Further, it should be noted that even the areas the least in focus had been developed in some degree in most of the firms. In general, the firms that had made the greatest business development effort had also put more emphasis on developing management control systems. Growth and renewal were positively correlated with development of the business as well as with development of the management control systems. Habitual entrepreneurs and industrial firms were in the lead in developing management control systems. To summarize, the objectives set for business transfers, the previous experience of buyers, and the industry of acquired firm all have impacts on the development of the acquired firm and business after the business transfer.

The buyers and successors were also asked to evaluate subjectively how the transferred firms had succeeded compared to their competitors after the business transfer. The buyers and successors regarded the development after the business transfer as moderate. They were most satisfied with the development of new products and services. The growth of turnover was evaluated as the second best followed by development of market share. Satisfaction was greater in larger firms and with buyers and successors who had the most experience of the business sector of the acquired firm prior to the business transfer. Also, those who had put more effort into developing the business and management control systems reported more often success greater than their competitors'.

Success in utilizing business transfer services also correlated with the success of business transfer. The more satisfied the buyers and successors were with the business transfer services, the higher they rated the success of the business transfer.

## **Implications**

The results indicate that SME business transfers succeed, and that a business transfer is an excellent way to become an entrepreneur and to grow a firm. The study shows that the buyers are, in general, satisfied with their business transfers. In this study we have examined the buyers' subjective views on the success of the transfer, which may not correspond with more objective measures of success.

The buyers include both individuals who are becoming entrepreneurs by buying a business to run and entrepreneurs who already have a firm and are using acquisition as a growth strategy. Either way, a business transfer has clearly proved for most buyers a workable strategy for either embarking on a career as an entrepreneur or for business growth. More attention should be given to business transfer as a practical strategy parallel to business start-up and organic growth.

The study also proves that buyers develop the business after transfer. Despite the general economic climate, transferred firms have grown. This supports the view that business transfers in small firms are an effective and efficient strategic tool for business development when the acquirer is a firm. Also, a transfer of ownership can offer a business a fresh start, as energetic or experienced acquirers develop the strategy, operations and management of the firm. In summary, from the perspective of policy-making on macro level and the business itself on micro level, business transfer should be viewed as a part of a larger process of business development.

According to the results the use of advisors varies. Particularly in the transfers of very small firms the buyers frequently rely on public sector services. Buyers with experience and higher education seek out services also from the private sector. The fact that ownership transfers of small firms are a very local phenomenon, together with the reliance on public services in the smallest firms, suggest that there is a need to maintain and strengthen local availability of advice on transfer processes.

## **YOUTH ENTREPRENEURSHIP IN THE CARIBBEAN REGION**

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**Key Words:** Youth Entrepreneurship, Caribbean Region, GEM, Entrepreneurial Characteristic,  
Entrepreneurial Policy.

# YOUTH ENTREPRENEURSHIP IN THE CARIBBEAN REGION

Tracks: Policy – Minority

**Key Words:** Youth Entrepreneurship, Caribbean Region, GEM, Entrepreneurial Characteristic, Entrepreneurial Policy.

## **Aim of the paper**

GEM worldwide research had recognized the significant role that entrepreneurs and the new enterprises play in the socio economic development of countries, regions and cities. One of the main effects that entrepreneurship has is the creation of new jobs and the developments of opportunities for the populations. Youth unemployment is a big problem today for many countries and in the Caribbean countries is a soaring problem. Thus the main aim of this paper is to study the situation of Youth Entrepreneurs and their enterprises in the Caribbean region and to develop not only a base line of indicators that may guide the development of the different programs that the governments may develop. The paper will propose some policy recommendations to improve the youth entrepreneur developments

## **Background Literature**

In 2012 the youth unemployment in the Latin American and Caribbean region reached 12.95% figure that is twice higher than the general regional rate of unemployment (6.7%). ILO projected for the period 2013-2018 that the youth unemployment rate will oscillate between 13.2% and 13.6% (ILO, 2013). Given the demographic conditions in Latin America and the Caribbean the youth unemployment problem is still growing and producing a significant limitation to economic prosperity, social cohesion and political stability.

In the GEM Caribbean project a decision was taken in order to research more in detail the situation in Colombia, Trinidad & Tobago and Barbados in 2012 and in Colombia, Trinidad & Tobago, Barbados, Jamaica and Surinam in 2013.

## **Methodology**

The methodology used to get the basic data was to use the adult population survey questionnaire (APS) applied by GEM worldwide. The data was processed using GEM variables and factors, but the entrepreneurial pipeline concept developed by Varela & Soler, was applied to integrate the data and to produce some dashboard type indicators that could be used to follow, along the years, the development of the young entrepreneurs.

## **Results and Implications**

The main results obtained in 2012 can be summarized as follows: 74% of the young populations (18-34 yr old) have a positive socio cultural perception about entrepreneurship and entrepreneurs, 68% are potential entrepreneurs, 55% are intentional entrepreneurs, 13% are nascent entrepreneurs, 8% are new entrepreneurs and 4% are established entrepreneurs. (In the final paper the data of 2013 will be included and comparison among the countries and the years will be presented).

The entrepreneurial pipeline of young population in the Caribbean countries presents better indicators than the entrepreneurial pipeline of the adult population (35-64 yr old), except in the "established business" stage, and this is a very promising signal for the continuous development of these countries, because it provides the warranty that the young generation is taken entrepreneurship as a career option and will generate entrepreneurial dynamic at a higher rhythm than the older population has been doing.

The young males present better indicators in the entrepreneurial pipeline than the young females and this is an area in which very specific programs have to be developed in these countries.

The characterization of the young entrepreneurs by motivation (necessity-opportunity), by age groups (18-24, 25-34), by education level, by technology application, by innovation orientation, by household income and some other variables oriented to the characterization of the enterprises (jobs generated and projected to 5 years, economic sector, internationalization, level of technology used among others) allows the identification of specific needs that should be covered by entrepreneurship development programs oriented to the young population in those Caribbean countries.

This data will also be very useful for the formulation of young entrepreneur's policies for each one of the participating countries and can be used as the baseline that the governments may implement to monitor the level of improvement of entrepreneurial activity of the young population in the following years.

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Lene Vestergaard

## Assessment of Entrepreneurial Skills, Attitudes and Mindsets - Presentation of the ASTEE project

The purpose of this workshop is to present the ASTEE tool for assessing entrepreneurial competences and to discuss its uses.

Entrepreneurship education is about preparing young people to become responsible, enterprising individuals who have the skills, knowledge and attitudes necessary to achieve the goals they set for themselves. In addition to equipping students with the skills to start a business, entrepreneurship education is also about encouraging creative thinking and promoting a strong sense of self-worth, initiative and a tolerance of failure.

Assessment of the outcomes of entrepreneurship education is essential to determine the degree to which this kind of education has accomplished its objectives and has justified the resources committed to it. When abilities acquired by students can be properly assessed, it will be easier for educational institutions as well as for teachers to become involved in this type of activity. The objective of the ASTEE project has been to develop and test a European common framework of tools to assess entrepreneurial skills, attitudes and mindsets acquired by students in entrepreneurship education.

The tools consist of questionnaires developed to target students at primary, secondary and tertiary levels. In developing the questions special care has been taken to adjust the complexity and wording to the different age levels as well as the difference of culture in the participating countries. In addition, the focus is differentiated at the different levels taking into account that there is a progression throughout the education system in both maturity level and knowledge level of the students.

The tools have been thoroughly tested in the development process and in a large scale survey performed in 12 European countries. The number of respondents reached a total of 4,400. The analysis shows the predictive validity of the constructs thus ensuring that the tools measure what is intended.

## Organization of the workshop

9:30 Introduction and presentation of the ASTEE project – Lene Vestergaard

10:00 Results from large scale test – Kåre Moberg

10:30 Going forward – debate

The participants are invited to test the questionnaires and discuss the following questions in groups:

How would you use the tools?

- As policy makers
- As institution leaders
- As teachers
- As students

10:50 Concluding remarks

Track Title: Gender

**Paper Title: Determinants of growth and difficulties encountered by women entrepreneurs**

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**Keywords:** women entrepreneurs, gender, women and management, growth of small business.

**Aim of the paper:** The aim was to understand the women enterprises growth. For this purpose we identified determinants of growth and difficulties encountered by women entrepreneurs in the fashion industry.

**Background of the literature** The growth of small business is variable and is dependent of entrepreneurs' expectative (Weinzimmer et al. 1998; Delmar et al. 2003; Davidsson et al., 2010; Achtenhagem et al. 2010). McKelvie, Wilklund (2010) emphasize the importance of understanding "how and why" growth occurs more than "how much" the company grew.

Understanding the growth of businesses by women is important because they are increasing the number of companies, representing approximately 40-50 % of small businesses (Lerner et al. 2002; Alsos et al. 2006; Baughn et al. 2006 , GEM , 2010) . The growth for women entrepreneurs is difficult and sometimes more difficult than for the men (Fleck, Hegarty, Neegard, 2011). Previous studies indicated that men enterprises grow more than women enterprises and this may be associated with difficulties encountered by women, whose businesses remain small (Cliff , 1998; Anna et al. , 1999 Morris et al. 2006). There is still a need to understand the growth of women business, as pointed out by Doern (2009) and Still et al. (2000).

An economic sector that has large number of women-owned businesses is the fashion industry. Paraná State, located in the south of Brazil, is the second largest industrial of fashion clothes in Brazil , with a production of about 150 million units (SINDIVEST , 2009). In a review of the literature, determinants of growth to small business are in the table 1:

**Table 1:** Determinants of growth

<b>Determinants</b>	<b>Authors</b>
Creative and innovative capacity	Brush, Hisrich, (1991); Roomi et al, (2009)
Offering quality products and services	Chaganti, Parasuraman, (1996)
Qualified staff	Brush, Hisrich,(1991).
Prior knowledge about the business	Brush, Hisrich, (1991); Roomi et al, (2009)
Access to financial resources	Orhan (2001), Marlow et al (2005) e Bruin et al (2007)
Family support	Stoner <i>et al.</i> (1990)
Time devoted to business	Marlow, Patton, (2005)
Diversification of products and services	Freel, Robson, (2004); Roomi et al(2009)
Use of advertising, promotions, publicity	Brush, Hisrich, (1991).
Adoption of new technologies	Brush, (1997)
Participation in Fairs and Events	Greene et al, (2003).
Participation in Social Networking	Chabaud, Ngiol, (2005); Julien, (2010); Machado et al, (2010).

Concerning to the difficulties to promote the growth previous studies are showed in table 2:

**Table 2:** Difficulties to grow

Difficulties	Authors
Lack of qualified staff	Dolinsky <i>et al</i> , (2003); Brush (1992); Roomi <i>et al</i> (2009)
Lack of self confidence	Roomi <i>et al</i> (2009); Fleck, Hegarty e Neergaard (2011)
Low innovative capacity	Roomi t. al (2009)
Difficulty maintaining business relationships and networks	Chaganti <i>et al</i> , (1995); Roomi <i>et al</i> (2009)
Difficulty conciliating work and family	Shelton <i>et al</i> . (2006); Greene <i>et al</i> (2003); Stoner <i>et al</i> (1990).
Difficulty to assume risk	Cliff (1998); Chaganti <i>et al</i> (1995)
Lack of business planning	Anna <i>et al</i> (1999)
Lack of business organizing	Anna <i>et al</i> (1999)
Lack of business informations	Roomi <i>et al</i> (2009)
Lack of growth strategies	Penrose (2006)
Lack of modern equipaments	Hambrick, Crozier (1985)
Lack of technological resources	Roomi <i>et al</i> (2009)
Lack of qualified employees.	Davidsson <i>et al</i> (2010)
Little access to financial resources	Buttner, Rosen (1989); Buttner, Rosen (1988). Carter e Allen (1997)

**Methodology:** The sample was constituted by 102 women entrepreneurs. The total of women entrepreneurs in the union representative of the enterprises in the cities of Maringá and Cianorte, in Paraná State was 198. The instrument for data collection was a structured questionnaire. Information about the enterprises and the entrepreneurs were obtained, such as: age, educational level, marital status, enterprises age. In addition, two questions were structured in a Likert scale (Richardson, 2008) in order to measure determinants and difficulties to the growth of companies. The measures of the scales ranged from 1 to 5, ( 1 represented "strongly disagree" and 5 "strongly agree."). The scales used the elements presented in Tables 1 and 2. Data were analyzed with SPSS 18.0 and presented by frequencies and deviations and the central tendency of the distribution. The Pearson correlation coefficient was used to measure the association between determinants and difficulties to the growth (Hair Jr. *et al.*, 2005).

**Results and Implications:** The companies started from 1977 to 2009. Most of them entered the market after 1996 and the oldest company was established in 1977. According to women entrepreneurs, the main determinants of growth were their creative and innovative capacity, the offer of quality products and a qualified team. All determinants presented in the scale (as table 1) have been between 3 and 4. The greater dispersion was identified for three determinants: the adoption of new technologies, participation in Fairs and participation in social networks. Concerning to the difficulties to growth, two groups of difficulties were presented. The first one was related with managerial aspects: the lack of information on the business, the lack of organization of the company, lack of planning and lack of growth 'strategies. Another group was related with the personal profile and gender, as: lack of personal qualification, lack of self trust, and difficulties to conciliate work and family. Similar result was found in Costin (2012) and Roomi *et al.* (2009): lack of staff skills , lack of self confidence , difficulties in balancing work and family.

For the women entrepreneurs, the main determinants of the growth were their creative and innovative capacity, the offer of quality products and a qualified team. The creative and innovative capacity presented correlation with personal qualification and self trust. The offer of quality products presented statistical correlation with the search of business information. To sum up, this research show that gender aspects influence growth of women enterprises. A limitation of this research is the sample, constituted by companies from one activity sector.

## **Hybrid Entrepreneurship – Exploration of Motives, Ambitions and Growth**

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Keywords: part-time entrepreneurship, hybrid entrepreneurship, growth, micro-enterprise

**Track title: Different Contexts**

**Paper title: Hybrid Entrepreneurship – Exploration of Motives, Ambitions and Growth**

**The aim of the paper**

Entrepreneurship research tends to view entrepreneurs as a group apart: an individual either is an entrepreneur or not. Yet there is ample evidence that the categories are not exclusive. Many nascent entrepreneurs, i.e. individuals in the process of starting a new venture, are simultaneously also in full-time employment (Reynolds et al. 2004, Gelderen et al. 2005, Bosma et al. 2007). Folta, Delmar and Wennberg (2010) use the label hybrid entrepreneurship for individuals who mix entrepreneurship and wage employment. Lith (2010) defines part-time entrepreneurship as entrepreneurship by individuals who support themselves primarily by other means. Petrova's (2011) study on part-time entrepreneurs focuses on nascent entrepreneurship and defines part-time status through hours worked on business activities. Other terms for the phenomenon include side activity entrepreneurship (e.g. Markantoni et al. 2013) and second job entrepreneur (Gruenert 1999).

In our study we define hybrid entrepreneurs (HEs) as individuals who are active as entrepreneurs but do not support themselves primarily by their enterprise. Thus we do not focus solely on hours spent on running the business but nor do we assume that hybrid entrepreneurship is necessarily an entry strategy (cf. Folta et al. 2010). National studies (Akola et al. 2007, Entrepreneurship Review 2010) show that as much as 4 % of the employed workforce and 4 % of the non-employed population (e.g. students, pensioners) are also involved in entrepreneurial activities on part-time bases. In practice, for every five full-time entrepreneurs in Finland there are two part-time entrepreneurs. It seems unlikely that such a large proportion of the population is in fact using hybrid entrepreneurship as an entry strategy for full-time entrepreneurship.

We have three specific objectives. In order to better understand to what extent is hybrid entrepreneurship in fact an entry strategy into full-time entrepreneurship, we explore (1) the profiles of HEs, (2) their motivations and sources of business ideas, and (3) their future ambitions in terms of business growth and full-time entrepreneurship. In the last-mentioned context we test the utility of Ajzen's (1991) Theory of Planned Behavior in predicting HEs' intentions to enter full-time entrepreneurship and Davidsson's (1991) model of small business growth also in predicting HEs' growth ambitions for their ventures.

**Background literature**

HEs represent a significant share of all entrepreneurial activity (Folta et al. 2010), and as such, hybrid entrepreneurship is an important societal phenomenon. At the same time it is perhaps one of the least understood aspects of entrepreneurship (Reynolds et al. 2004). Generally hybrid entrepreneurship has been viewed in terms of its impact on full-time venture success (e.g. Gelderen et al. 2005), or as a testing ground for full-time entrepreneurship (e.g. Petrova 2011). Yet starting a part-time business is not necessarily indicative of a desire to become a full-time entrepreneur; for example Akola et al. (2007) find in their sample of journalists and interpreters that about 40% plan to continue on part-time basis.

Ajzen's (1991) Theory of Planned Behavior (TPB) has been extensively applied over the years (Armitage and Conner 2001; Sheeran 2002) and has proven effective in context of entrepreneurial intentions. In Ajzen's theory behavioral intentions have three conceptually independent determinants, namely attitude towards the behavior, subjective norm and perceived behavioral control. Attitude refers to the degree to which a person has a favorable evaluation or appraisal of the behavior. Subjective norm refers to the perceived social pressure to perform, or not, a behavior. It is based on beliefs concerning whether important people approve of the behavior, and to what extent this matters to the individual. Perceived behavioral control refers to the perceived ease of performing the behavior, and is based on beliefs regarding the presence of requisite resources and opportunities (see Bandura et al. 1980; Swan et al. 2007). In our study we examine the impact of subjective norm (the HEs' perception of the support they would get from those nearest to them should they choose to become full-time entrepreneurs) and perceived behavioral control, (the HEs' perception of their own ability to succeed as full-time entrepreneurs) on the intention to make the transition to full-time entrepreneurship.

Even the HEs' with no full-time entrepreneurial intention may have growth ambitions. In Davidsson's (1991) model actual growth in a small business is determined by growth motivation of the entrepreneur. Motivation in turn is determined by ability, need and opportunity as perceived by the entrepreneur. In studies viewing hybrid entrepreneurship primarily as an entry strategy, focus is on impact of part-time rather than full-time entry on venture success (e.g. Gelderen et al. 2005). However, part-time entrepreneurship may also give insight into abilities, needs and opportunities, leading to lesser or greater interest in full-time entrepreneurship (e.g. Petrova 2011) as well as to lesser or greater interest in growth as such.

## **Methodology**

No databases on hybrid entrepreneurship were available, so the data was collected in 2012 using a survey targeted at all firms in South Ostrobothnia, Finland, with annual turnover over zero but not more than 30 000 euros. The target group was 3 179 firms, of which 3 121 were reached. 478 responses were received (15.3%). However, 182 of the respondents identified themselves as full-time entrepreneurs and 47 had ceased business activities, leaving a set of 249 responses from HEs. Two thirds (66%) of the HEs were employed and 30% were on pension. The remaining four percent were on parental leave or full-time students.

Approximately two thirds of the HEs were men. In terms of age, the HEs are similar to other entrepreneurs but more HEs have higher education (35%) than entrepreneurs in the region on average (7%). This is in line with Gruenert's (1999) results.

The data was analysed with SPSS, using distributions, averages and regression analysis.

## **Results and implications**

A third reported becoming an entrepreneur in a field they had both studied and worked in. In this our results differ from Gruenert's (1999), who found that only 9% were in business in the field they also work in. Almost a third (30%) had entered a wholly new field as HEs. A majority (57 %) had found their business idea through a hobby or other area of personal interest.

The most important motive for HEs was self-fulfilment. The second most important motive was added income and the third the suitability of hybrid entrepreneurship to family situation. A safer route to full-time entrepreneurship was considered an important or a very important motive for hybrid entry by 22 % of the HEs. Hence, hybrid entrepreneurship is explicitly an entry strategy for only a part of HEs. In fact, only 5% of the HEs consider it likely or very likely that they will become full-time entrepreneurs within the next six months, and 7 % in the 12 months. Nearly a third of HEs are certain they will never become full-time entrepreneurs, whereas only one in ten definitely intend full-time entrepreneurship at some point in their career. Present turnover and time spent on business activities have some correlation with intention to enter business full-time.

Logistical regression was used to examine HEs' general growth ambitions applying a variant of Davidsson's (1991) small firm growth model. Market demand proved a statistically significant factor, with gender (female) almost significant. All in all Davidsson's (1991) model explained 41% of general growth intentions but only 14% of intention to become a full-time entrepreneur. Full-time intention was explained only somewhat better with Ajzen's TPB; in linear regression control variables (age, education, gender, nature of present employment) and the factors subjective norm and perceived behavioral control together explained 28% of HEs' intention to become full-time entrepreneurs.

Our study shows that hybrid entrepreneurship is a persistent mode of entrepreneurship. Most HEs do not view themselves as future full-time entrepreneurs. Yet it appears that HEs represent a significant share of entrepreneurial activity in Finland and, presumably, in other countries with similar entrepreneurial dynamics (e.g. Bosma et al. 2008). According to Folta et al. (2010) hybrid entrepreneurship as an entry strategy should be viewed as a distinct process. Similarly, we suggest that persistent HEs should be examined not only as nascent entrepreneurs but as a form of entrepreneurship in its own right.

Key Words: gazelles, sustainability of growth, growth policy, regional development

Track Title: Firm performance

### **Gazelles, Policy Makers' Dream – Myth or Reality?**

#### **Aim of the paper**

In recent years when global and European financial crises have tested the tolerance of societies, economic growth and employment have been the focus of the most policy programmes. Entrepreneurship and high growth businesses in particular, are typically at the core of these programmes. This is reflected in the pattern of resource allocation with high growth companies (so-called gazelles) appearing as flavour of the month in contemporary policy circles. The aim of this paper is to critically assess the concept of gazelle and the policy attention that these firms attract. The analysis will be mainly based on existing literature supplemented with some empirical data from a recent project in Finland.

Quite a lot of resources have been allocated to foster entrepreneurship in start-up businesses in some specific branches of industry. This phenomenon is based on the implicit assumptions that growing businesses are young start-ups and they are born in rising industries. However, especially for those businesses expanding very rapidly from start-up growth may be disastrous since they may run out of working capital. In recent studies it has been found that majority of those businesses which grow sustainably are mature companies, often also family businesses which have taken care of their profitability first (Davidsson et al. 2009; Steffens et al. 2009; Virtanen and Heimonen 2011). In order to find out if these presuppositions are correct we will analyze the current research evidence about characteristics of gazelles and their contribution to the regional development.

The paper will focus on the relationship between the research evidence and policy practice. Specific questions to be investigated include: What are the distinctive characteristics of gazelles compared with other types of businesses (for example age, size and location)? What is their typical development path? To what extent is high growth sustainable? What are their support needs at different stages of their development? To what extent is the current policy focus justified by the research evidence? The paper will also examine the characteristics of policy programmes aimed at these gazelles.

#### **Background literature**

The most prominent author who has initiated the discussion about job creation is David Birch who proposed that while gazelles are rare, they account for most of the new jobs in the economy. Acs et. al. (2008) repeated Birch's analysis (1979; 1987) and in addition to revenue growth their article also included expansion of employment. Those firms which were simultaneously growing in profitability and employment were called high impact firms.

One of the practical issues faced by policy makers is how to define and identify high growth businesses, which tends to vary between different studies. In addition, Davidsson, Achtenhagen and Naldi (2006) conclude that growth is a complex phenomenon and thus the determinants of fostering and hindering growth are not stable over time. High growth firms have received attention since they contribute to social wealth through the creation of new jobs and improving competitiveness. Delmar et al. (2003) suggested five categories to be analyzed for appraisal of gazelles. 1) measurement period 2) growth indicator 3) measurement of growth 4) growth process and 5) firm demographics. As will be noticed these categories do not include any forms of other performance indicators than growth and mostly their content is quite normative without any theoretical background. This is a real problem with several gazelle studies and may be one reason why they do not pay any attention to other features of the performance than growth. One reason for this kind of approach is probably the implicit assumption that rapid growth leads to successful performance. There may be also some backside of breeding the gazelles. If the high growth is encouraged by supporting measures which make fast scaling up possible it may be that the entrepreneurs' commitment to long term development will be lower than expected. The objective may be to achieve fast growth and sell the company thereafter. On the other hand, Heimonen and Virtanen (2011) found that high growth means poorer success. Parallel results were confirmed by Davidsson et. al. (2009) and Fitzimmons et. al. (2009) who suggest that profitability should be taken into account when striving for sustainable growth.

In order to outline the multifaceted phenomenon more accurately we have used the above proposition made by Delmar et. al. (2003). However, firm demographics are supplemented by referring to the context of the study, since usually firm demographics may be seen to be dependent on the context. In the following analysis we shortly introduce the literature and results connected with each category.

## **Methodology and data**

The paper is a review of the concept of gazelle; selectively drawing on empirical evidence which comprises some Finnish high growth and highly successful firms and post incubation gazelles. The sample consisted of those companies which were identified to be high growth and successful companies (HGS) and as a control group we used post incubation gazelles. HGS data was collected from the period 2000 – 2012. The whole data consists of 96 firms where from 49 are HGS firms. In the control group we have 47 post incubation gazelle companies. From HGS companies 30 were established before the year 1999, 3 in 1999, 4 in 2000, 7 in 2001 and 5 in 2002. Thus we could categorize 19 businesses as start-up firms in 2003. More than half (26) of the post incubation firms were start-up companies. We will analyze the development of these firms

## **Results and implications**

The existing research evidence suggests that, in practice, businesses hardly ever grow year on year but more typically pass through a series of growth phases. Descriptive empirical analysis suggests that in many cases high growth and success are not sustainable. This means that the identification of high growth can be very dependent on the precise time period taken. So whilst policy makers might prefer to keep things simple, the empirical reality is far more complex. Growth, where it occurs, is typically discontinuous. It could be asked should policies focus competitiveness rather than high growth in order to take care of sustainable employment.

## Title Page

# THEORETICAL FOUNDATIONS OF SMEs COMPETITIVENESS IN THE CONTEXT OF GLOBALISATION

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Key Words: SME competitiveness, theories, basic factors, globalisation-related factors

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**Track Title:** Theory and Methodology

**Paper Title:** Theoretical foundations of SMEs competitiveness in the context of globalisation

**Aims of the Paper:** Based on the industrial organization theory (IO), the resource-based view (RBV), and the configuration theory (CT), the paper aims to further develop the understanding of SME competitiveness factors with a particular attention to the globalization-specific factors.

### **Background Literature:**

The economic globalization created new challenges affecting traditional models of SME competitiveness (OECD, 2007). The relative importance of some competitiveness factors increased substantially, as the new role of ICT, quality standards, networking and clustering, innovations, trade-marks and intellectual property, internationalization, etc. Despite that those factors became critical for SME competitiveness, there is still insufficient knowledge about their effects.

Within the framework of IO theory, M. Porter (1998) developed the concept of *five market forces* influencing firm competitiveness: 1) bargaining power of buyers; 2) bargaining power of suppliers; 3) threat of new entrants; 4) threat of substitute products; 5) competitive rivalry within an industry. Firms' objectives are to achieve advanced product differentiation and efficient cost structures as two key competitive advantages.

The RBV focused mainly on firms' *tangible and intangible resources* as most important sources of competitiveness (Wernerfelt, 1995). Firms have advantages if their resources are valuable, rare, immobile, and non-substitutable (Barney, 2001); if they have *capabilities* to combine resources in a unique way; and if they continuously improve their resources and capabilities base (Peteraf, 1993). According to some authors, intangible resources affect more significantly firm success (Mathur *et al.*, 2007; Lev, 2004, p. 109). The RBV developed a more dynamic perspective named "*dynamic capabilities*" (Eisenhardt and Martin, 2000).

If Porter's framework reveals mainly the *external (industry-level) characteristics*, the RBV underlines the role of the firms' *internal resources*. For the emerging and transition economies, the *institutional factors* (as part of the external factors) grew in importance, too (Welter and Smallbone, 2011). Based on the complexity of the competitiveness drivers, some authors suggested *combinations* of the two theories (Sarasvathy, 2004; Sanchez and Heene, 2004). The need to combine external and internal factors led other authors to the *configuration theories* (Miller, 1996, pp. 508, 509; Michor *et al.*, 2010, p. 2).

Many researchers focus on a selected competitiveness factor such as: *ICT adoption* (Simpson and Docherty, 2004); *networking* (Álvarez *et al.*, 2009); *innovation* (Rosenbusch *et al.*, 2010); *internationalization* (Williams and Shaw, 2011) etc., and only a limited number consider several factors at once. As Singh *et al.* (2008, p. 536) observed, the "holistic approach has not been adopted to analyse the competitiveness. Researchers analysed certain aspects of competitiveness in isolation".

Relatively *complex models* of SME competitiveness factors were developed by Man *et al.* (2002), Sirikrai and Tang (2006), and others. The model of Man *et al.* (2002, p. 131) covers four constructs of SME competitiveness (external factors, internal factors, entrepreneur profile, and firm performance); three competitiveness dimensions (potential, performance, process), and four competitiveness characteristics (durability, controllability, relativity, and dynamism), but it has not been tested empirically. Sirikrai and Tang (2006, pp. 74, 78) proposed a framework of competitiveness which combines *external drivers* (IO-based factors), *internal drivers* (RBV-based), and financial and non-financial *firm's performance indicators*. The external factors were divided into industry conditions and governmental roles, while the internal factors were mainly operational. The model of Toppinen *et al.* (2007, pp. 386-387) considered: resources and capabilities, marketing strategies and industry key factors. Szerb and Terjesen (2010, p. 8) proposed configurations of seven factors, five of which were internal (physical resources, administrative routines, networking, human resources, and innovation), and two were external (supply and demand conditions). Chew *et al.* (2008) built up a framework for the Chinese SMEs' competitive strategies, which included strategic alliances, innovation and differentiation. Yan (2010) showed the significance of cost reduction, differentiation, innovation, strategic alliances and the environment. Awuah and Amal (2011, p. 127) considered the drivers for SME competitiveness in less developed countries such as *innovation, learning, and internationalization*.

All these models combine different factors of SME competitiveness without differentiating the effects of *globalization-specific factors*.

### **Results and Implications:**

The factors for the small firm competitiveness can generally be classified as external, internal, and ones specific to the entrepreneur *resources and capabilities*. The first group includes market forces of the IO-based theory combined with institutional factors. The second group encompasses internal resources and capabilities of the RBV approach. The third group covers the abilities of entrepreneurs. These factors are indispensable for the functioning of each enterprise. Their combinations assure the firm's everyday activities, and its ordinary reproduction. We will refer to those groups of factors as **basic factors**.

Unlike them, the **globalization-specific factors** for SME competitiveness can be regarded as *innovation-related* processes. As such these factors depend on specific combinations of firms' internal,

external, and entrepreneurial resources and capabilities. They reveal, however, not the primary combination of resources as in the classical production function. They belong rather to the “residual element” of this function, where economists left technological progress, innovations, and other influences. The significance of these factors is that they indicate the new *opportunities and directions to combine and recombine further firms’ resources and capabilities* in response to environment changes, and as such they are close to the concept of *dynamic capabilities* (Eisenhardt and Martin, 2000, p. 1107). Zahra *et al.* (2003, p. 166) noted also that: “... resources *per se* are not as strategically important as what the firm does with these resources...” Here the concept of dynamic capabilities approaches the configuration theories as two paradigms underline the importance of configurations of firm’s resources and capabilities.

Entrepreneurs introduce new combinations of production factors in the form of: new product, higher quality of an existing product, new production method, new market, new sources of raw materials, or new organization in the sector (Schumpeter, 1934). Today, we might add to these the adoption of the new ICT, international quality standards, internationalization, etc.

Each innovation depends on *internal* factors such as strategy, organizational routines, human capital, etc. (Wang *et al.*, 2010); *external* factors such as industry sector, regulations, access to finance (Galankis, 2006, p. 1231); and factors linked to the *entrepreneur’s characteristics*: learning and market orientation, etc. (Masurel *et al.*, 2003). Therefore, the *basic factors* are fundamental for the development of *globalisation-specific* factors. If we consider SME development over consecutive periods of time, we may find the following interrelationship between *basic* and *globalization-specific* factors. On the one hand, *basic* factors determine success or failure of any innovation. On the other hand, once an innovation is accomplished, it leads to a subsequent change in *basic* factors (re-organization of technological process, development of new skills related to the innovation through staff training or hiring, etc.). Therefore, it could be considered that present structure and contents of *basic* factors are result of previous efforts, including efforts in innovations. In the same time, the already existing *basic* factors determine present attempts to innovate, which again, following a chain re-action, re-shape SME *basic* factors in future periods. Further analysis on their causality could lead to a conclusion that *basic and globalisation-specific factors* might be referred to as *first-order* and *second-order* factors for SME competitiveness.

The scientific implication of the research consists in the opportunity to develop new models for researching the SME competitiveness. Its significance for entrepreneurs and policy makers lays in the better understanding of the new global forces, which impact all kind of businesses (small and big), and almost everywhere (in developed, developing and emergent economies).

## **Entrepreneurs' Work Behavior: Development of a Taxonomy**

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Key Words:

Entrepreneurship, Entrepreneurs' behavior, entrepreneurial work, structured observation, start-ups.

## Entrepreneurs' Work Behavior: Development of a Taxonomy

### Aim of the Paper

The aim of the paper is to identify and categorize entrepreneurs' behavior using observation for data collection and a Delphi panel for data analysis.

### Background Literature

The entrepreneurship literature is fragmented and provides little guidance regarding entrepreneurs' behavior (Bird & Schjoedt, 2009; Bird, Schjoedt, & Baum, 2012). This is unfortunate because it is the individual entrepreneur's actions (behaviors) that create new ventures. Thus, we know little about and what entrepreneurs do to create new ventures and, consequently, we cannot educate new entrepreneurs with respect to what to do. This is unlike the general management literature, which provides clear evidence of what employees and managers do as evidenced in job analysis and descriptions, job design, and other similar studies of issues in human resource management, organizational behavior and institutional and organizational psychology. A seminal study on what managers do is found in Mintzberg's *The Nature of Managerial Work* (1973). The observations that the entrepreneurship literature provides little guidance in determining what entrepreneurs do and in educating people on what to do as an entrepreneur and Mintzberg's seminal study (1973) is the motivational basis for this study.

Considering that we already are familiar with employees' and managers' work, is it possible to transfer this knowledge to entrepreneurs? Penrose (1959) points out that there are important differences between what entrepreneurs and managers do. She noted that entrepreneurs innovate, acquire resources, make fundamental changes in operations and administration, and more for the purpose of introducing new products and service to satisfy existing, new, or unnoticed market demands better than the present providers. Penrose also observes that managers assist entrepreneurs in their actions. As shown there are important differences among what entrepreneurs and managers do. Also, entrepreneurs appear to be more future-orientated in their actions than managers and employees, who seem to be more focused on the present. Lastly, entrepreneurs create new ventures; whereas employees and managers do not. Thus, due to the uniqueness of entrepreneurs, it is necessary to examine what is it that entrepreneurs do when they develop new ventures.

Very little research has addressed what entrepreneurs do (e.g., Dunphy, 1990) but, as mentioned earlier, this body of research is fragmented and, thus, provides little guidance resulting in several calls for research on entrepreneurs' behavior (Bird & Schjoedt, 2009; Bird et al., 2012; Brown & Hanlon, 2004). The widespread use of surveys is of little use in determining what entrepreneurs do. Therefore, an inductive approach with rich data was needed to identify entrepreneurs' work in this exploratory study.

### Methodology

Mintzberg (1973) provides an idea of how to identify what entrepreneurs do; use observation as the principal means for data collection. Observation has also successfully been used to determine how teams work (Barker, 1993). Using observation means that the data were collected in real time. Also similar to Mintzberg (1973), an observer with experience in observational techniques and unfamiliar with the entrepreneurship literature was employed to collect the data; thus, reducing observer bias in the data collection.

Due to the inductive nature of the study, a grounded theory approach combined with a Delphi procedure employing a panel of topic experts and researchers was used to analyze the data allowing for categorization and coding of data (Glaser & Strauss, 1967; Linstone & Turnoff, 2002; Weber, 1985).

Theoretical sampling (Eisenhardt, 1989; Glaser & Strauss, 1967) was used to determine the sample. The sample consisted of five entrepreneurs, who had launched their new technology-orientated ventures within the preceding 36 months; were dedicated to the venture on a full-time basis, university educated, mind-to late twenties, male; and had obtained VC funding. Each of these entrepreneurs was observed for a minimum of four days, totaling about 300 hours, 2,552 units of action, and 22,500 units of behavior.

### Results and Implications

The study provides a basis for a taxonomy of entrepreneurs' behavior. Not surprisingly, the results show that entrepreneurs' work is grouped into two major areas—strategic and operational activities. Placing this in the context of Penrose's (1959) observations means that entrepreneurs' work is both future-orientated and

managerial in nature. The results also show that entrepreneurs engage in more activities (e.g., negotiations, networking) than managers. Entrepreneurs more varied work involved 106 activities with an average workday of 14.8 hours. Comparing this finding with research on managers in large corporations, who engaged in an average of 22 activities and a workday of 7.5 hours, shows important difference. The nature of their work also differs: Entrepreneurs used three percent of their time whereas managers in large-corporation spend about 59 percent of their in scheduled meetings.

These findings shed light on why entrepreneurs do not experience the autonomy that many expect entrepreneurs to have in their work and which is the reason many provide when justifying their interest in pursuing an entrepreneurial career (Kolvereid, 1996a, 1996b; Parasuraman, Purohit, Godshalk, & Buetell, 1996). It may also account for why many discontinue their entrepreneurial pursuits.

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# **Vendor selection criteria for small, medium and large organisations in South Africa**

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## **Key words:**

**Vendor**

**Selection**

**Criteria**

**Business**

**South Africa**

**Track title:**

**Small Business Management**

**Paper Title:**

**Vendor selection criteria for small, medium and large businesses in South Africa**

**Aim of paper**

The author is in the final stages of completing his second Doctorate by means of a research study which examines the various criteria that organisational procurement professionals use to select their suppliers. The aim of the paper is therefore to discuss the findings that emerged from his study and it is trusted that armed with the understanding of how vendors are selected by such organisations, entrepreneurs and owners of small businesses will better align their marketing efforts to appease the needs of their customers that they call on to market their various offerings.

**Methodology**

The aforementioned study was quantitative in nature. The population was represented by all the small, medium and large organisations throughout South Africa. As there is no official list of all the businesses there are in South Africa, the number was exaggerated with the assumption that every citizen in the country owned a business (i.e. 55 000 000 businesses). Based upon a 95% confidence level, a 5% confidence interval and a 50% response distribution, a sample size of 385 was recommended. The researcher managed however to garner the support of 445 respondents throughout the country (organisation buyers, accountants and business owners) by either emailing them the research questionnaire or by interviewing them on a face-to-face basis. The answers to the 107 questions were then collated and analysed by means of the SPSS 21 software package.

**Results and implications**

One of the key objectives of the study was to formulate three models that could be used by organisations that call upon small, medium and large companies to conduct business (to sell their various products and services). The findings from the research study revealed that 'size does count' and that small, medium and large organisations in South Africa have their own unique vendor selection nuances. Therefore by understanding such buying behaviour, sales organisations will be able to better satisfy the needs of the organisations they call upon for support and in so doing increase sales and their respective bottom lines.

## **Stigmatization of Bankrupt Entrepreneurs: A Cross-Cultural Comparison**

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Key Words: Bankruptcy, Firm Performance, Cross-Cultural, Content Analysis

Track: Firm Performance

Paper Title: Stigmatization of Bankrupt Entrepreneurs: A Cross-Cultural Comparison

#### Aim of the Paper

This research investigates alleged stigmatization of bankrupt entrepreneurs in the media. Through qualitative content analysis, we examine the extent and nature of possible stigmatization of bankrupt entrepreneurs using data gathered from a ten-year period (2000-2009). We then compare the results for failed entrepreneurs in the Netherlands and New York (USA).

#### Background Literature

The degree to which bankruptcy is a source for stigma differs across regions and over time as a result of differences and developments in norms and values that are produced by demographic and institutional variables like legislation, the composition of the population and economic conditions (Douglas and Wildavsky, 1983, Landier, 2002, Efrat, 2006). In the United States, entrepreneurial bankruptcy is seen as an experience to learn and grow from and thus as a basis to start a new company while in Europe bankrupt entrepreneurs are seen as losers who should not be allowed to start again (European Commission, 2007). Burchell and Hughes (2006) however demonstrate that although people in the United States appear to have a higher tolerance towards failure than Europeans, they are somewhat less keen on actively granting a second chance to those who start again. According to them, GDP growth explains variances in the (re)startup rate more accurately than cultural differences. Yet, Damaraju et al. (2010) found that bankrupt entrepreneurs are stigmatized more frequently in collectivist cultures, like the Netherlands, compared to individualistic cultures such as the United States because the environmental dynamism in individualistic cultures subdues the impact of stigmatization on entrepreneurial risk taking. In collectivistic cultures environmental dynamism does not act as a moderator. Both Landier (2006) and Lee et al (2011) attribute the difference between the US and Europe in terms of who actually starts a new firm after having been involved in bankruptcy to the difference in the legislation rather than general cultural attitudes. These outcomes indicate that culture, while important cannot fully explain either the stigmatization or the impact on the level of restarts after bankruptcy. Our research explores the alleged differences in stigmatization of bank entrepreneurs by using a content analysis of newspapers.

#### Methodology

To explore how mass media report about bankrupt entrepreneurs we set up a qualitative design using content analysis involving the analysis mass media reports covering the period 2000 – 2009 in both the NL and the state of New York (USA). Since the use of specific media frames is similar across different types of mass media (Semetko and Valkenburg, 2000), the analysis is restricted to newspapers because these are used most frequently by relevant stakeholders such as bank employees and policy makers to keep informed (NationaalOnderzoekMultimedia, 2010). Additionally, the analysis of text (newspaper articles) is considered more efficient than the analysis of spoken words (radio) and or images (television). In the Netherlands, three newspapers were chosen with a significant market share and in New York all local newspapers plus the New York Times were used to ensure adequate geographic coverage.

Relevant articles were selected via the search engine LexisNexis and utilizing (the Dutch translation of) two combinations of search terms: “bankrupt entrepreneurs” and “bankruptcy AND entrepreneur(ship)”. In New York, the addition of “small business AND entrepreneur(ship) was also used. After removing double entries and articles that were too small to classify, we ended up with a sample of 323 Dutch and ~150 New York newspaper articles. Similar to Nicholson and Anderson (2005), we used a content analysis as this technique allows for rigorously capturing beliefs, values and ideologies embedded in documents and how these change over time (Weber, 1985). The analysis process consisted of three steps: first, we sought to establish the type of media frame used per article; second, within each article we tried to determine how these media frames were used on the basis of the attributes that were highlighted (Ghanem, 1997); finally, we decided whether the article could be classified as either stigmatizing (negative towards (ex-)bankrupt entrepreneurs) or neutral (impartial towards (ex-)bankrupt entrepreneurs) or destigmatizing (positive towards (ex-)bankrupt entrepreneurs) on the basis of a previously developed checklist. In order to ensure credibility and dependability in the assessment all articles were first classified by one author on the basis of the jointly developed framework. Next, at least one additional author performed a similar

analysis using a random subsample consisting of 75 articles per country. For the interpretative analysis of the articles, the second coder relied on the list of qualitative categories that were inductively derived from the articles by the first coder. In very few cases a somewhat different interpretation led to a different categorization. After discussing the results and reviewing similar cases collectively the original classification made by the first coder was used in the remainder of the analysis. Data on the annual number of bankruptcies were obtained from the website of the Dutch Bureau of Statistics ([www.cbs.nl](http://www.cbs.nl)) and from the US Bankruptcy Court.

### Results and Implications

We have finished our analysis of the Dutch sample and are in the middle of analyzing the data from newspapers in New York. Thus we can only present preliminary results restricted to the Dutch sample and no cross-cultural comparisons. Of the 323 Dutch newspaper articles included in our analysis, 84 were published in de Telegraaf, 87 in de VK and 152 in the FD.

From the qualitative content analysis, it became apparent that about half of the articles published in the VK and the FD on (ex-) bankrupt entrepreneurs and a third of the articles in the Telegraaf contained elements of stigmatization. Almost as many articles were neutral in tone and a considerable portion even displayed elements of destigmatization. We conclude that overall the media present a fairly balanced image of entrepreneurial bankruptcy. A closer look revealed that two factors contribute to the level of stigmatization. First, contrary to what we had expected the level of stigmatization rose sharply in years with many bankruptcies (2003-2006, 2009). In these years, the share of stigmatizing reports increased to about 53% at the expense of the neutral reports. The relative share of the destigmatizing reports remained on average the same in years with many bankruptcies. This suggests that exposure to bankruptcy does not lead to the development of a more forgiving attitude towards those affected by it. This finding is in contrast to results reported in studies on the stigmatization of people suffering from mental illnesses or epilepsy (Corrigan et al., 2001, Jacoby et al., 2004). A possible explanation might be found in early studies on stigmatization conducted by Neuberg et al. (2000); they suggested that stigmatization increases when individuals perceive specific behavior as a threat to themselves or to the functioning of their group. Likewise Jones et al. (1984) argued that the perceived peril of a given attribute contributes to stigmatization. When more firms go bankrupt, the costs to the economy increase and this will be felt by a larger part of the society. Journalists – possibly responding to what they expect their audience wants to hear (Wiesenfeld et al., 2008) might respond to this potential peril and utilize a more negative tenor in their reports about individual bankruptcy cases. Second, a relationship was observed between firm size and the level of stigmatization. Overall, reports on large firms going bankrupt has more stigmatizing elements, while the tone of voice towards small firm bankruptcies is generally more neutral or 'forgiving' in nature. Again the perceived peril coming from the loss of jobs and the height of the unpaid debts in large firm bankruptcies might explain this difference.

We will continue to analyze the New York newspaper data and will present both these results and the comparison results in our final version of the paper.

References available upon request.

# **Nascent Entrepreneurship and Cross-cultural Adaptation Experiences of Immigrant Entrepreneurs in Ireland**

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**Key words:** Nascent Entrepreneurial Process, Cross-Cultural Adaptation, Nascent Entrepreneurship, Immigrant Entrepreneurship, Ethnic Entrepreneurship, Ireland

## **Track Title: Minority**

### **Paper Title: Nascent Entrepreneurship and Cross-cultural Adaptation Experiences of Immigrant Entrepreneurs in Ireland**

#### **Aim of the Paper**

The aim of this paper is to understand how immigrants pursue their nascent entrepreneurial activities in the context of their cross-cultural adaptation and how these strategies unfold over time.

#### **Background Literature**

It has been argued that much of the theoretical development in the immigrant entrepreneurship field has traditionally converged on a group level analysis, often examining the culturally-distant immigrant cohorts from a disadvantaged point of view and focusing on cultural predispositions and structural disadvantages (Light, 2004). More recent approaches (Kloosterman and Rath, 2001; Jones et al., 2012; Honig et al., 2010; Light and Dana, 2013) have sought to broaden the view of immigrant entrepreneurship and reflect the reality of the increasingly globalized world (Vertovec, 2007) in the entrepreneurial process. Adding to this debate, Singh and DeNoble (2004) have suggested that understanding immigrant entrepreneurship in the context of different modes of cross-cultural adaptation (separation, marginalization, assimilation and integration) (Kim, 2008; Berry, 2008) at the individual level would enable the surfacing of the different entrepreneurial strategies that immigrants might pursue. Thus studying the immigrant entrepreneurial process in the context of cross-cultural adaptation would not presuppose cultural or structural disadvantage from the outset.

The research focuses on the nascent stage of the entrepreneurial process. Conceptually, the study draws on previous research into new venture creation which is seen as being essentially about recognizing, evaluating and exploiting entrepreneurial opportunities while negotiating different resources (Carter et al., 1996; Shane and Venketaraman; 2000; Ireland et. al., 2003; Sarason et al., 2006; Hindle, 2010). Davidsson (2005) suggested that studying the nascent entrepreneurial process of those who complete their entrepreneurial efforts and move into the latent stage, as well as of those who abandon them, would add theoretical and practical insights regarding the behaviors of nascent entrepreneurs.

#### **Methodology**

Given the paucity of knowledge on the individual-level nascent immigrant entrepreneurial experiences in the milieu of cross-cultural adaptation, and the researcher's aim to understand these processes as they unfold (Patton, 2002), an induction-driven research approach was deemed as the most suitable. The case study approach format was chosen, as a deep immersion in a small number of cases offers a unique capacity for theory building (Yin, 2008; Eisenhardt & Graebner, 2007). The 18 months empirical investigation of six cases illuminated the diverse cross-cultural adaptation and nascent entrepreneurial journeys of each participant. A rigorous and systematic data analysis process was implemented (Strauss & Corbin, 1998; Denzin and Lincoln, 2003; Gioia, 2013) to distil theoretically-relevant meanings from the substantial amount of data generated through observation, interviews and informal communication. Contextually, Ireland presents an interesting setting as it lacks the history of immigration common to other Western countries (Mottiar and Walsh, 2012).

#### **Results and Implications**

The extensive data analysis process culminated into the development of a conceptual model which captures the interaction between the cross-cultural adaptation and the nascent entrepreneurial process dimensions. We identified four key themes in the cross-cultural adaptation dimension as (1) individual sense-making attributes, (2) imagined and real journeys transcending spaces, (3) paradoxical social networks, and (4) dynamic cultural identities. The findings show how the cross-cultural adaptation domain dialectically and dynamically interacted with the process of recognition, evaluation and exploitation of entrepreneurial opportunities. While varying temporarily and contextually, cross-cultural adaptation was found to create both enabling and constraining tensions for the entrepreneurial journey. The participants came to a number of decisions about their identified,

evaluated and exploited entrepreneurial opportunities, most of which are consistent with previously identified typologies (Carter et al., 1996; Reynolds et al., 2004; Lichtenstein et al., 2007) Based on their entrepreneurial and cross-cultural adaptation journeys, these outcomes were: (1) birth of a new venture; (2) continued engagement in the nascent entrepreneurial process; (3) nascent entrepreneurial process put on hold; (4) nascent entrepreneurial process put on hold in host country; and (5) nascent entrepreneurial process abandoned. These five outcomes were specific to the particular exploitation processes, rather than to individual nascent entrepreneurs. In other words, while one business idea could be abandoned, the same individual often pursued another at the same time or subsequently. The fourth outcome of putting nascent entrepreneurial efforts on hold in host country with a view of revisiting the same idea upon return to home country has not been considered in prior research due to the lack of qualitative studies in nascent immigrant entrepreneurship.

Our empirical results address Singh and DeNoble's (2004) concerns by demonstrating that considering the tensions of cross-cultural adaptation (Bennett, 1993; Kim, 2001; Berry, 2005, 2008; Bhatia and Ram, 2009) can help explain the complexities of early stage immigrants' self-employment experiences. This perspective differs from the prevailing view, which sees immigrants choosing self-employment as a result of group cultural predispositions and blocked employment mobility in host environments with long-standing immigration experiences (Jones and Ram, 2010). Our findings contribute to the academic debate about the reasons why immigrants enter entrepreneurial process (Clark and Drinkwater, 2007) by highlighting their ongoing pursuit of better lives. Studying nascent immigrant entrepreneurs on an individual level at early stages of their cross-cultural adaptation experiences in a contemporary super-diversity context (Vertovec, 2007) with little history of immigration also generates fresh perspective on such experiences. The empirical results suggest that conceptual approaches developed in the general nascent entrepreneurship domain can be applied to studying such attempts pursued by immigrants.

Contradicting (to an extent) the often highlighted benefits of the use of different social networks during cross-cultural adaptation (Kim, 2001) and nascent immigrant entrepreneurship (Light and Dana, 2013), our research revealed that potentially useful interactions with the host community were not developed as a result of setbacks experienced during cross-cultural adaptation. On the other hand, in this case, the power of co-ethnic networks in supporting immigrant entrepreneurship (Light and Gold, 2010) did not reach beyond emotional support during the nascent entrepreneurial stage. Transnational social networks (Honig et al., 2010) also mostly provided emotional support, but were used in one case to instigate a business partnership. While this study uncovers the process of becoming an entrepreneur (Steyaert, 2007), it also shines light on those nascent immigrant entrepreneurial ventures that were unsuccessful (Davidsson, 2005).

Methodologically, the study contributes to the literature by its qualitative, longitudinal research design, as we identified a noticeable lack of such studies in the previous literature on nascent entrepreneurship (Moroz and Hindle, 2012). The methodological approach adopted here enabled us to uncover what actually happens during the recognition, evaluation and exploitation of entrepreneurial opportunities (Shane, 2003; Sarason et al., 2006) under specific considerations of context and time (Moroz and Hindle, 2012). By immersing ourselves in the field for a prolonged time, we could watch the interrelated processes of nascent entrepreneurial activities and cross-cultural adaptation unfolding 'live'. Such in-depth and detailed accounts of the participants' experiences compliment other research methodologies and add richness to the extant literature on nascent entrepreneurship.

## **Abstract**

### **Title :**

What is the impact of educators' construction of the fictive student entrepreneur? --A gender-based analysis of entrepreneurship course descriptions.

### **Summary :**

This paper analyzes entrepreneurship education course descriptions from a gender perspective. Levering the concept of the Fictive Student it explores how the course developer imagine the ideal student, who will benefit from- and be successful in the course. The study maps whether the Masculinization of Entrepreneurship is reproduced in course descriptions across nations and cultures.

### **Importance of the topic for entrepreneurship education research and/or practice**

Today, most university students are female (Leathwood and Reed, 2009; Coder & Spiller, 2013), yet only a small fraction of graduate entrepreneurs are female. This disproportionate state is often accredited to the fact that entrepreneurship is a positioned as a masculine discipline (Ahl, 2006; Gupta, Goktan, & Gunay, 2013).

When students have a choice in which course to, educators are writing course descriptions to at least one audience—the Fictive Student taking the class. Where the Fictive Student is the student to which the curriculum is addressed (Bourdieu and Passeron, 1990), in other words the ideal entrepreneurship student imagined by the educator. For entrepreneurship courses, some understanding of the entrepreneur or entrepreneurship is also part of the writing. Thus, we have a Fictive Entrepreneur, and a Fictive Student (Jones, 2012). The way that the course developer is portraying the fictive student and the Fictive Entrepreneur is important for a number of reasons:

- It shapes how students - based on their background and experiences – identify with the course (What do people like me do?).
- It informs students' intentions to choose a course.
- It empowers the educator to set the stage for what happens in the class room and what type of conversations, activities, and behaviors are legitimate.
- It may alienate some (less masculine oriented) students, who do not identify with the masculine oriented descriptions or with the hyper-masculine male entrepreneur stereotype.
- It provides situational clues (Gupta, Goktan, & Gunay, 2013; Murphy 2006) about the type of student who will benefit from and be successful on this course.

In sum, this affects the student's intentions in terms of: Do I identify with this course? Will others approve of me taking this course? Will I do well in this course? (Randall, 1994).

### **Questions, challenges and problems to be asked and addressed**

The aim of this paper is to explore the question: in a gender perspective, how do we describe what we do in entrepreneurial education?

The objective of this paper is to use this gender-based analysis, of we describe the courses that we teach, to discuss the question: what are the possible consequences of constructing the Fictive Student and the Fictive Entrepreneur the way we do in the course description that we compose?

Students: While studies show that students use a variety of sources to inform their course selection decisions, often appear to favor informal sources, lack clear direction (Babad & Tayeb, 2003), and make an array of errors and changes during sign-up and add-and-drop periods (Kardan, Sadeghi, Ghidary, & Sani, 2013), few students appear to choose an elective course without reading the course description. The course description's central role has been confirmed in experimental studies, where it has been shown to trump opinions of fellow students (DellaGioia, 2008)—an otherwise highly rated informal source of information. In many cases, the course description is the most comprehensive body of information about elective courses available to students. The course description is what the course is approved on and the descriptions are the fundamental building blocks of university programs. For the students the course description is essentially equivalent to a product declaration and specification.

Educators: In entrepreneurship education the course developer/lecturer/educators are invisible, in the sense that they are expected to be/seen as a neutral conduit providing objective knowledge. However, in formulating their course descriptions for electives where the student has a choice whether to take the course or not, they are 1) addressing an audience—the Fictive Student attending the class; 2) expressing in their own words an understanding of what entrepreneurship is or what characterizes a successful entrepreneur and how they want students to perceive the Fictive Entrepreneur.

In sum: An analysis based on course descriptions achieves 1) a clear focus on the core source of information for students' course selection; and 2) a clear focus on a text produced by the educator, which brings visibility to role of the educator in reproducing or challenging traditional accounts of entrepreneurship and thus addresses the gap of the "Invisible Educator".

#### Originality and newness of the approach

Our literature review indicates that there are no other studies that investigate possible gendered preconceptions of course descriptions, the language used and how we as educators frame entrepreneurship and the ideal entrepreneurship student. This is surprising considering how widely recognized the masculine foundation are, of the field of entrepreneurship.

In addition, we find no other studies like this in terms of scope and comparison. We will draw upon course descriptions from different continents, nations, and cultures to allow for cross national analyses (following Janssen & Bacq, 2010; Janssen, Giacomini, & Shinnar, 2013).

Mark Weaver

**Abstract: Innovation Track/ Workshop**  
**Bootstrapping Innovation Through Entrepreneurship: A Case Study of a Small University**  
**Creating a Big Footprint**

**Aim of the Paper:** To demonstrate how small universities can create an innovation hub for regional economic development and further the research goals of a university.

**Background Literature**

Based upon scientific studies and regional outcomes there is a growing recognition of the critical role that universities can play in growing and sustaining regional and national economic viability. Each and every university, college and laboratory contribute to the local economies by their very existence. Faculty receive salaries, students or their parent sometimes make excessively large tuition payments, and the institutions purchase local goods and services. Michael Porter, of the Harvard Business School shared that universities enhance regional economic development through their roles as *employer, purchaser, real estate developer, workforce developer, advisor and network builder and technology transformer and incubator*. Some institutions have the capacity to go beyond basic contributions to the local economy and become the technology transformers and incubators that Dr. Porter mentions. Based upon their research programs, these institutions create new knowledge that can be transferred into new business and new jobs. They are able to translate new knowledge, that great idea that came from the laboratory, into innovation which in turn can lead to economic development. The key to this process of moving ideas to invention is *entrepreneurship*. The University of South Alabama is one of those universities that have successfully built the bridge from research to economic impact. It was done through bootstrapping—meaning the institution has little resources to dedicate but huge motivation.

In 2010, the Rockefeller Institute of Government issues a report discussing institutions that are successful in moving research results into a format that directly impacts economic development. The report cited four elements that must be present for significant economic impact to result from research endeavors at universities and research organizations:

- “Innovation — that is, using their research power to create knowledge that can have economic impact, and then actively working to help move new ideas into the marketplace.
- Knowledge transfer that helps businesses grow and prosper, through programs such as job training, technical and other consulting assistance, and assistance to startups.
- An activist role in revitalizing the communities in which they are located, such as efforts to help local elementary and secondary schools.”
- And their core mission of producing the educated populace that’s needed to build, run and work in the innovation economy”.

Research is a cornerstone for building a model that moves innovation into the marketplace. This is the Rockefeller Report’s first point. However it is the next three factors, the *entrepreneurship* elements that drive the translation of research into innovation and ultimately creating impact on the economy and quality of life. The University of South Alabama (USA) is a young, regional, comprehensive institution, just 50 years old in 2013. The research program is modest with approximately \$40 million in annual awards specifically in support of research. The University has three hospitals and clinics and a student population of 15,500. The University is located in Mobile, Alabama, a port city with a core population of 200,000 and a strong manufacturing base. In 2013, *Business Facilities*, ranked Mobile, Alabama 2<sup>nd</sup> in the country for Economic Growth potential.

**Review on Innovation, the Economy and the Role of U.S. Universities**

The growth in understanding of the relationship of innovation to the economy has its roots in the work of the renowned economist Schumpeter, as “Virtually all contemporary general accounts of the capitalist engine are based on Schumpeter.” (Nelson, 1990, p. 193). Particularly, Schumpeter distinguished the inventive process as being separate from the entrepreneur’s actions of innovation and pointed out that

entrepreneurs innovate not just by determining how to use inventions, but also by introducing new means of production, new products, new forms of organization, etc. (Schumpeter, 1939, p. 84). Today, it is generally accepted that basic science provides a natural starting point for the industrial innovation process (Godin, 2006) and this process is commonly referenced alongside the concept of 'the linear model of innovation'.

The American land-grant university system emerged with distinctive structural characteristics that differentiated them from their European counterparts (Kerr, 1963). The Morrill Act of 1862 was founded on the commitment that American universities should serve their citizens (ibid). Under the Morrill Act, the purpose of education shifted away from classical studies to more applied studies to prepare students for roles after graduation and allow for the direct application of teachings, which at the time was focused on greater agricultural and resource yields (ibid). As such, universities in the United States have been making positive contributions to the nation's economic and social wellbeing throughout their history (Mowery, Nelson, Sampat, & Ziedonis, 2004).

Although American universities have been committed to technology transfer since inception (Mowery et al., 2004), the modern era has witnessed the occurrence of three distinct evolutionary phases of technology transfer at universities (Geiger, 1992, 2004; Godin, 2006). The first phase of technology transfer evolution occurred when academic scientists were financially supported to conduct research, develop and maintain expertise in key areas, and ultimately to produce solutions that were demanded by the military. The second major phase of modern university technology transfer evolution grew from advances in medical research and similar to the first phase, the federal government was also the patron, specifically the NIH (Geiger, 1992, 2004). The third aspect of the modern technology transfer evolution has moved universities in a fundamental way into the marketplace and has occurred predominately since 1980 (i.e., the time of the Bayh-Dole Act). This phase has been dubbed "civilian technology transfer" by Geiger (1992, p. 9). Universities actively seek to sell research services to industry, market intellectual property and launch and nurture new companies, sometimes with their own venture capital funds (Geiger, 2004).

Today the research and technology development enterprise has merged activities that previously occupied opposite ends of the development spectrum and involved different actors (Mowery et al., 2004). A form of this follow-on support by universities is the subject of this study of certain events taking place at the University of South Alabama—The Coastal Innovation Hub.

**Methodology:** This is a workshop presentation/audience discussion model for The Coastal Innovation Hub. The mission is to aid the University of South Alabama's goal to advance research, discovery and creative activities of the University. The Coastal Innovation Hub, henceforth **The Hub**, at the University of South Alabama is a new bootstrapped incubator facility dedicated to supporting technology start-ups in the region. It serves as an integral part of the economic development goals for the University of South Alabama, the Melton Center for Entrepreneurship and Innovation (MCEI) and the MCEI Technology and Commercialization program.

The facility is to be positioned to facilitate technology start-ups, both stemming from the University IP portfolio and the broader community, through their initial stages of development by providing the companies with the infrastructure needed along with networking opportunities, easy access to faculty, and University sponsored events. The incubator space is on the USA campus which will allow researchers to spend significant time devoted to their entrepreneurial efforts while also able to join campus events or visit faculty offices.

The Hub serves as a regional technological center and will assist with sustainable long-term regional commercialization and job-creation. The connection to the University of South Alabama is a competitive advantage to engage the research community. The incubator will have approximately 11,000 square feet gross space of which almost 7,000 square feet will be leasable for office spaces, administrative functions, and dry/wet lab uses. The offices and labs are rented on a flat monthly rate that includes space, utilities, shared areas, internet access, library resources, MCEI's Technology and Commercialization program services and other services listed in handouts. Staffing the HUB is with part time release for faculty and graduate student coordinator to keep costs low.

The incubator industry provides sustained community economic development and potential to create jobs, revitalize neighborhoods, commercialize new technologies, and strengthen local and national economies. High-tech firms in their communities account for the creation of 4.3 jobs to each high-tech job they establish. The HUB focuses on high-tech businesses which existed in 98 percent of U.S. counties in 2010; The current national and legislative climate facilitates the opportunities to create start-ups, which in turn are looking for space to grow their technologies en route to commercialization.

There are several keys to the success of an incubator. Those include continuous mentoring of start-ups and becoming a viable source that can assist emerging companies in meeting benchmarks necessary for growth both financial and strategic, exceptional management, flexibility and commitment to service that can ensure achievement of those goals. Additionally, the best incubation programs are integrated into their community networks, resources, and economic development plans and strategies. More and more incubators are the nexus of significant angel network support systems and commercialization and entrepreneurial programs, such as the potential positioning of USA's Hub.

## Results and Implications

We discuss the when, why, and how to build an innovation hub to promote economic development and university research at the same time, The use of "vacant space", recycled and surplus office equipment and lab benches are all part of our bootstrapping model. Cooperation with over 40 regional organizations and financial institutions has helped the HUB to develop a regional ecosystem map we feel is necessary to allow clear visualization of the local entrepreneurial potential and to support research goals of the University, the Hub, and MCEI and its programs. Leadership within the Coastal Innovation Hub is encouraged to continually develop the relationship between the existing organizations included in the Ecosystem map and the Hub as a key success factor.

Other universities with a desire to build innovation and add to economic growth can use our model to build an economic and research catalyst in their region –WITHOUT large capital expenditures.

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## **Challenges for SME development – the IfM Bonn “Future Panel on SMEs”**

In this workshop, the Institut für Mittelstandsforschung (IfM) Bonn will present results from its “Future Panel on SMEs”, with which the institute will regularly identify challenges SMEs face now and in future. The IfM Bonn investigates the status-quo, development and challenges of the German Mittelstand. Its research supports the German Ministries of Economic Affairs on Federal and State level in designing SME policies and support. The aim of the workshop is to jointly discuss the panel results and to develop implications for policy and research.

[TITLE PAGE]

**Making Family Influence in Family Firms Measureable:  
Development of a Familiness Scale**

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Keywords: Familiness; scale development; involvement; essence; identity; family business

## **Aim of the Paper**

The concept of familiness is a topic vitally discussed in current family business (FB) research. Originally introduced by Habbershon and Williams in 1999, it was further developed in the following years (e.g., Zellweger et al., 2010; Weismeier-Sammer et al., 2013). Although there were several attempts to measure familiness quantitatively by means of existing scales (e.g. the F-PEC-scale; Astrachan et al., 2002), to date there is no widely accepted familiness-measure available. As reliable and valid measures are indispensable to contribute to the legitimacy and the development of a research field, we act on this shortfall and present the development process of our multidimensional familiness scale.

## **Background Literature**

Familiness was researched from various theoretical perspectives so far (Weismeier-Sammer et al., 2013). Unfortunately, this led to a substantial broadening instead of a deepening of the field that turned familiness into a fuzzy concept (Irava and Moores, 2010) and led to the haphazard usage of the term as a synonym for FB or family influence per se (Moores, 2009).

To resolve this conceptual fuzziness, we employ new systems theory (Luhmann, 1995). In this theoretical perspective, FB are social systems that combine two separate systems: the family and the business. Through their structural coupling, the two systems are able to influence each other. In the case of familiness, this influence takes place via decision premises within the business that are influenced by the family. Those decision premises guide the behavior and determine the structure of the business substantially (Frank et al., 2010).

To overcome the mere output-oriented approaches that have been applied to familiness so far (Weismeier-Sammer et al., 2013) we apply a multidimensional approach as encouraged by Zellweger et al. (2010) and define familiness as the structural coupling of family and business resulting in family-induced decision premises in the three dimensions of involvement, essence, and identity. In doing so, we are able to portray the content of familiness as decision premises regulating ownership, management and control (involvement), the behavior of the business toward family and non-family stakeholders (essence) and the identity of the firm as a family firm and the family as a business family (identity).

## **Methodology**

During the development process of our scale we carried out three studies: Study 1 employed a qualitative approach to further develop the theoretical basis of familiness and to generate items for the measurement of familiness. Therefore, we carried out seven in-depth case studies with FB of different sizes, ages and industries by applying objective hermeneutic-methods such as fine and sequential analyses (Lueger et al., 2005). Findings of this qualitative approach led to the formulation of an item pool comprising 56 items that was categorized into nine sub-dimensions of familiness: (1) the involvement-dimension contains OMC (ownership, management and control) and AFM (active family members), (2) the essence-dimension includes SOI (sharing of information), TGO (transgenerational orientation), EMO (employee orientation), DEM (decision making) and FIN (financing), and (3) the identity-dimension comprises BFI (business family identity) and FBI (FB identity).

In study 2, we first discussed the item pool generated in study 1 in a focus group with five experts in the family business field to assess the face validity of the scale. This led to a reduction of the item pool to 42 items. This item pool was pre-tested on a sample of 160 FB. Statistical analyses led us to a revision of the scales as the maximum likelihood based exploratory factor analysis (Lawley and Maxwell, 1971) with Varimax rotation (Kaiser, 1958) as well as reliability tests (greatest lower bound (Ten Berge and Sočan, 2004) and Cronbach's alpha (1951)) showed that DEM and FIN were uncertain factors. Nonetheless, we decided to leave them in for a further validation in study 3. Another eight items were removed so that a total number of 34 items were left for validation.

In study 3 we validated the revised scale on a sample of 512 FB via an online survey. We used confirmatory maximum likelihood factor analysis (Joereskog, 1969) to assess whether the refinements on the scales suggested by the pre-test results hold up empirically on a new data set. After the deletion of yet another nine items that showed ambiguous loadings, we finally had two possible models with a seven and a nine factor-solution respectively. It turned out that the final model specification of 25 items for seven factors was clearly superior to the nine-factor model as several fit indices (AIC, BIC, CFI, TLI, RMSEA, SRMR) pointed to an acceptable fit of the seven factor model. The final seven factor-model comprises the following sub-dimensions of familiness: OMC, AFM, SOI, TGO, EMO, BFI and FBI.

## **Results and Implications**

Whereas the empirical validation confirmed seven out of nine sub-dimensions as factors, the data does not aggregate into the expected three main dimensions (involvement, essence, identity) of familiness properly. In

our paper we try to deliver explanations for this but also look at the correlations between the factors to assess how independent respectively connected the factors are.

In sum, the analysis of our validation study shows that our approach to measure familiness based on a new systems theory-approach via decision premises is comprehensive and promising. Moreover, it is able to overcome one of the major drawbacks of previous scales used to measure familiness, as it measures not only the potential family influence but the actual influence of the family on the business. Furthermore, our analysis highlights the importance of including the perspective of the family directly in the scale through the differentiation between business family identity and FB identity.

In view of the complete new development of all items in the scale based on extensive literature and qualitative research, the recovery of seven of the nine presumed sub-dimensions in the data can be regarded as remarkable and confirms the quality of the operationalization of the construct. Moreover, despite its comprehensive operationalization of familiness, the scale is concise and uses only 25 items which makes it feasible and easy to handle in future replication.

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## **The Cognitive and Affective Dimensions of Gendered Language in Entrepreneurship**

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Key words: entrepreneurship, language, meaning making, gender

**Track title:** Gender

**Paper title:** The Cognitive and Affective Dimensions of Gendered Language in Entrepreneurship

**Aim of the paper**

Entrepreneurial literature has established that businesses are an extension of the founder/Chief Executive Officer (CEO) as a reflection of their value systems (Fagenson, 1993). Bird and Brush (2002) established a well-documented argument that from the perspective of the founder, entrepreneurial venture creation and pursuits can be executed in either masculine or feminine dimensions, or a mixture of both. The language traditionally used to discuss entrepreneurship is embedded with masculine terms that originated from cultural mores at the time of the Industrial Revolution. Researchers and management theorists continued to use a masculine vocabulary well into the 20<sup>th</sup> century. Research and management literature describing the elements of entrepreneurship in masculine terms created a bias against women because they experience entrepreneurship in a distinctly feminine way (Bird & Brush, 2002). Considered less successful by masculine standards, women's access to capital and leverage with investors has been negatively impacted (Rosa & Scott, 1999) and they are less likely to expand their businesses and pursue financing from banks or venture capitalists (U.S. Department of Commerce 2010). Based on the research to date, looking at the cognitive and affective dimensions of entrepreneurship through the mechanism of language might provide evidence and a greater understanding of gender-influenced leadership and power dynamics that are impacting women business owners. Having a better understanding of gendered language in entrepreneurship will inform the growing body of literature surrounding women entrepreneurs and help them understand the role of language in relationships with employees, clients, and investors.

**Background literature**

Bird and Brush (2002) postulated that entrepreneurs internalize and enact a gendered perspective through both cognitive and affective meaning making. They used three perspectives to develop a gendered perspective on the 3M's of venture creation and operation: markets; money; and management. The first perspective was from Jungian psychology where they considered Jung's (1971a) ideas around anima and animus, the masculine and feminine unconscious. The second perspective was cognitive and moral development where rules and norms are socially and parentally imposed. The third perspective was feminist theory which emphasizes affiliation and social good. Brush, deBruin and Welter (2009) built on Bird and Brush's (2002) existing framework of the 3M's required to establish and grow a business, by adding two more M's to describe how women experience entrepreneurship. The fourth M, added "Motherhood" as a metaphor to represent the household and family context of female entrepreneurs, and the fifth M, Meso/macro environment, was meant to encompass "considerations beyond the market, such as expectations of society and cultural norms" (Brush et al, 2009, p. 8). Adding these last two M's provided the cognitive and affective components needed to understand the socialized aspect of the three perspectives (Jungian psychology, cognitive and moral development and feminist theory) in a uniquely feminine way.

In an entrepreneurial context, meaning making and decision making are initially evident during the venture creation process. The first step of venture creation is when an individual imagines or identifies a product or service that can meet a need in the market. The second step is to evaluate opportunities for exploiting their idea, followed by the third step of forming intentions about who, what, where, and when to start the venture. The final step in the process is to make decisions about investors, employees, competitors, and other stakeholders that may have an impact on the success or failure of the business. This process of decision making is influenced by social and gender norms (Bird & Brush, 2002).

Painter-Morland (2008) advocated for a systemic view of leadership and decision-making as "socially constructed" and emergent from "complex interactions between individuals and groups within organizations" (p. 509). She argued that normative congruence, where women act in a socially acceptable feminine way and men act in traditionally masculine ways, results in the perception of leaders demonstrating "concern for others (altruism), integrity, role-modeling, and ethical decision-making" (p. 510). Not having this normative congruence can lead to being perceived as being inauthentic (Ely, Ibarra & Kolb, 2011). Cognitive meaning making and decision making through normative congruence are key indicators that women experience the process of entrepreneurship in a distinctly different way than men and that their experience is strongly influenced by societally imposed gender norms and parental norms and expectations (Williams, 2013). They also perceive their success as entrepreneurs in a distinctly feminine way, measuring success and satisfaction in different

dimensions. Speaking to the symbolic nature of organizational culture, identity, and image; Hatch and Schultz (1997) noted that both cognitive and affective meaning making produces value-based constructions of how an organization sees itself and how outside entities view the organization resulting in an image being formed. The importance of considering value-based meaning making is that it highlights different values held by women and how they are manifested in leadership, networking, and relationships in the context of entrepreneurship. The use of social capital is also values-based and can provide a window into the way that women are experiencing entrepreneurship differently from men.

In her collection of papers on language and gender, McConnell-Ginet (2011) makes three main points about the relationship of gender and language: (1) "gender is not simply a matter of individual characteristics", they reflect "social relations, ideology, and politics", (2) "patterns of language production depend on more than just the agent's...sociolinguistic identity", they depend on strategic construction of language to meet social needs, and (3) "meaning interacts with gender because it links the social/psychological phenomenon of language with the abstract formal notion of a language" (p. 57).

### **Methodology**

Looking at the cognitive and affective dimensions of entrepreneurship through the mechanism of language might provide evidence and a greater understanding of gender-influenced leadership and power dynamics that are impacting women business owners. Our proposition is that the language of entrepreneurship may be imbedded with different degrees of masculinity and femininity that are manifested both cognitively and affectively.

The first step in our research agenda on the language of entrepreneurship began with a literature review accomplished through this paper. The first section reviews the cognitive and affective dimensions of entrepreneurship as a whole. The next section reviews the culture of gender and how masculine and feminine characteristics are manifested in entrepreneurial pursuits. The next two sections review the origins of language in terms of masculine and feminine (gendered) language, and the language of entrepreneurship as constructed and reflective. The final section points toward the need for a feminist approach to the study of entrepreneurial language and its gendered dimensions. Targeted toward the under-considered and barely explored feminine aspects of entrepreneurial language, this paper provides a literature review of the type of language used in entrepreneurship from the perspective of women and by using a feminine lens.

The data to be considered in our investigation are the words used by these men and women entrepreneurs in their discourse, enabling us as researchers to categorize their characterizations as either masculine or feminine. Through qualitative collection and coding of data from men and women entrepreneurs and analysis of the language they use might be a way of investigating how they are experiencing entrepreneurship differently. Using a feminist lens and a post-structuralist theoretical framework, our proposed research agenda will look for evidence of gender as enacted in the discursive practices of entrepreneurship.

### **Results and implications**

Our research agenda places the language of women entrepreneurs at the center but will also be expanded to make comparisons with male entrepreneurs and male and female entrepreneurs from other cultures. We briefly review the qualitative results of research done recently with ten women entrepreneurs (Williams, 2013). Our research aim, however, is to subject the data from Williams (2013) to another round of coding that will lay the groundwork for the comparative analysis of men and women entrepreneurs using language as the basis for inquiry.

Having a better understanding of gendered language in entrepreneurship will inform the growing body of literature surrounding women entrepreneurs. The benefit to entrepreneurs will be a deeper understanding of gender differences in the experience of entrepreneurship that could inform their leadership, structure, and culture resulting in healthier organizations.

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## **Festival Literature: The Role of the Entrepreneur**

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**Key words: Literature review; networks; festivals; entrepreneurs; actors; processes**

**The Abstract should be no longer than 3 pages or 1,300 words**

## **Abstract**

### **Track: Different Contexts**

#### **Festival Literature: The Role of the Entrepreneur**

##### **Aim of the Paper**

The aim of this paper is to analyse studies on festivals and identify research gaps relevant to small business research. Festivals play a significant role in the lives of communities providing important activities and spending outlets for locals and visitors and enhancing the image of local communities (Getz 1993). Successful community-based festivals are growing in increasing numbers and concentrate on a range of particular interests (Getz, 2010). Despite this, researchers have been slow to consider contemporary festivals beyond either their economic impacts or the motivations of those who attend (Gursoy et al 2004). An area which has received little, if any attention from extant literature is that festivals are highly dependent on the driving forces of key individuals, often entrepreneurs, acting within festival networks which support their emergence and occurrence on a regular basis (Getz 1993; Getz et al 2010; Gursoy et al 2004).

This paper seeks to present a systematic review of research on festivals which spans 30 years, the purpose of which is to demonstrate that opportunities exist to research the role and impact of entrepreneurs and the networks in which they are embedded in the initiation and running of local, community-based festivals. Specifically we propose future research opportunities to investigate where the ideas for festivals originate, which individuals are involved, how these people interact and collaborate, what resources are required and, over time, how the network of relationships needed to make festivals happen evolve to support their annual occurrence.

##### **Background Literature**

The literature on festivals has been dominated by economic concerns, as well as operational and marketing issues (Robinson et al 2004). Festivals generate revenues for governments and local communities, support existing, and encourage new businesses (Dwyer et al 2005). Little, if any prior research has extended understanding of festivals beyond basic economic and tourism matters (Quinn 2009). How to classify festivals is difficult given both their geographic spread and the range of themes they celebrate. The focus of local, community-based festivals spans a diverse array of interests with eminent examples including books, music, food and film. Common however to most festivals are their strong tourism benefits and also their creativity. Prior research on festivals has demonstrated the positive impact which festivals can have on tourism, providing spending opportunities, attracting often significant additional money into local communities and regions and ultimately generating new employment opportunities (Crompton and McKay 1997; Kim et al 1998; Thrane 2002). Such research has also observed the wider, societal effects which local, community-based festivals can have, for example, on perceptions of place and locale (Getz 1997).

##### **Methodology**

This paper seeks to examine the depth and breadth of published research on festivals and adopts a systematic approach to the review presented (Victor 2008). The application of a systematic literature review for this study provided a method of "mapping areas of uncertainty, and identifying where little or no relevant research has been done, but where new studies are needed" (Petticrew and Roberts 2006: 2). Using definitions proposed by Uysal and Gitleson (1994) and Getz (1997), key terms were identified to establish our conceptual boundaries and to restrict the focus of our search. We used key search engines within the social sciences domain supplemented by using Google Scholar to identify most cited papers and to ensure these appeared in the literature review. No starting time period was allocated to include or exclude published research within the scope of this study but the cut-off date for inclusion was set at February 2013. Having identified a total of 57 articles from the process described, these papers were carefully read and coded by two researchers working independently. The researchers then compared emerging coding profiles, in some instances revisiting articles for recoding and validation of themes.

##### **Results and Implications**

A key focus of research in this area is the outcomes and successes of festivals, with economic impact receiving most attention (Crompton and Mackay 1997; Kim et al 1998). Other outcomes include their wider social, cultural and environmental contributions as well as the particular importance of festivals within local communities. Festivals have been conceived as providing and creating social ties within communities and, in this way, serve mechanisms for incentivising involvement by different community stakeholders.

A number of studies have emphasised the importance of understanding why people attend festivals arguing that only by developing an understanding of such motivations can organisers' effectively position and market festivals (Crompton and McKay 1997; Getz 1993). Building on work in the wider field of tourism, motivations have been studied in terms of the fulfilment of needs with various studies delineating these motivational factors with a suggestion that a core set of drivers for festival attendance exist.

A final key theme emerging from the literature analysed is that of festival management. Early work in this area regarded festivals as planned events and concentrated on generic management functions, examining festivals in terms of their feasibility, administration, design, marketing, operations and risk (Larsson 2002; Reilly 1994; Shrum 1991). Later work acknowledged the very particular context and characteristics of festivals that necessitates considering festivals within the wider environment in which they operate (Alves et al 2010; Edwards 2012).

This paper identifies research gaps and areas for further studies on festivals. Gaps of particular interest to entrepreneurship are the creation of festivals and the characteristics of their founders. The limited number of papers we found that made mention of the role of entrepreneurs in festival research all focused on entrepreneurs as participants at festivals (Engelbrecht et al 2011, Jonker et al 2009, Saayman et al 2008), with no research addressing the critical role of the entrepreneur in their initiation and continuance. Related to this, partnerships, networks and the role that key actors play in the establishment and success of festivals remain largely under explored. The limited work that has considered these wider networks has examined dyadic relationships rather than the network of relationships on which the establishment and success of festivals is reliant. Processes are largely ignored in the existing literature, despite the reality that festivals are, by and large, a repeated event. We argue that an understanding of the success and impact of festivals must be informed by pre-festival processes and also by post-festival reflections. Finally, we propose that place is an important construct to take into account.

We suggest that theoretical frameworks applied in entrepreneurship are useful lenses to aid understanding of these themes. In particular we identify network theories, the concept of embeddedness (Granovetter, 1985) and capital theory (Bourdieu, 1986) as relevant theoretical frameworks. Such theories and concepts have been applied to studies of entrepreneurs and have been revealing of the networks required to initiate and grow new ventures as well as the impact of context on supporting or restricting entrepreneurial behaviours and the resources needed to support entrepreneurial ventures. We also see parallels with the emerging literature on social entrepreneurship where the focus is on social goals (Shaw and Carter 2007) and the involvement of a number of different stakeholders (Di Domenico et al 2010) and community ventures where the goal of the venture and the resources needed to reach these goals are linked to a specific community (Haugh and Pardy 1999; Peredo and Chrisman 2006) that is geographically bounded.

Methodologically, research has been dominated by single case studies undertaken at one point in time. We suggest that future research will benefit by embracing longitudinal studies involving ethnographic approaches which can explore context both from temporal and community or locale perspective. This allows real-time study of emerging festival processes and seeks out actors within the phenomena (Davidsson 2003).

The recommendations for future research offered by this paper will help advance understanding of festival studies from an entrepreneurship perspective. In particular the paper contributes to the discourse on festival entrepreneurs, their roles, contributions and the processes involved.

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ICSB 2014 Abstract

Track: Education

## **An Opportunity Assessment Framework for Introductory Courses in Entrepreneurship**

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**Key Word:** entrepreneurship education, opportunity evaluation

**Aim:**

In this paper we present a robust analytical framework (Figure 1) especially suitable for introductory courses where an important learning goal is ability to evaluate entrepreneurial opportunities. The framework should be of interest to a broad range of entrepreneurship educators and practitioners engaged in the design and delivery of entrepreneurship curriculum. This framework, underpinning a significant portion of an *Introduction to Entrepreneurship* course at our university, has been successfully employed in 148 courses over the past 10 years and recently was adopted by a provincial department of education for use at the secondary school level. The experience of both students and instructors has tended to be highly positive. Business educators outside the entrepreneurship domain who often deal with small firm contexts (e.g. marketing, retail management) have also expressed interest in the framework.

Entrepreneurship education is arguably more important than ever. Recent Kauffman Foundation findings (2014) suggest that few public sector initiatives encourage entrepreneurship, and that education may be the most significant factor the public sector can affect. Other GEM studies (2011, 2014) indicate a lack of knowledge and skills may be the biggest barrier to entrepreneurship in many developed regions. While the impressive growth and progress of entrepreneurship education is well documented (Béchar, and Grégoire 2005; Katz 2003; Kuratko 2005; Solomon, Duffy, and Tarashiby 2002), there is still no accepted paradigm for teaching entrepreneurship (Fiet 2000; Solomon, Fernald, and Dennis 2003), leading Rideout and Gray to observe: “E-ed appears to be one of those phenomena where action and intervention have raced far ahead of the theory and pedagogy and research needed to justify and explain it” (2013, p. 346). Indeed, research has failed to provide much evidence that we are actually teaching the skills most important to future entrepreneurs (Edelman, Manolova, and Brush 2008).

This paper, then, addresses the concern over the lack of paradigms available to guide curriculum development through the sharing of practice and by stimulating critique and discussion to improve the tools and educational models available to entrepreneurship educators. At another level we contribute to the wider debate in ‘e-ed’ over what should be in our curriculum.

**Background Literature:**

The literature relevant to this work can be divided into two main components. Firstly, the work devoted to entrepreneurship education. We will focus our discussion here on the more relevant current debates, particularly, those related to curriculum development (see for example: Fiet 2000; Rae and Carswell 2001; Solomon, Fernald, and Dennis 2003; Gibb 2002; Fayolle 2013; Rideout and Gray, 2013; Honig 2004); whether we actually teach the necessary skills (Edelman, Manolova, and Bruschi 2008; Martin, McNally, and Kay 2013; Vanevenhoven 2013); the efficacy of business planning in e-ed (Jones et al. 2013; Blank and Dorf 2012; Bridge & Hegarty, 2011).

Secondly, we discuss the progenitors of our framework, particularly the work of Ronstadt (1984) and Timmons (1999). The models that they developed in the 1980’s and 90’s provide the basis for our framework and aid in describing its development.

**Methodology:**

The paper is descriptive rather than empirical in nature, and consequently lacks a “methodology” in the standard sense. We rely instead on precise description, critical discussion and logical development of our argument. The paper is organized in two main parts. In the first part we introduce our work by establishing the importance of entrepreneurship and especially entrepreneurship education in today’s environment. We review the growth in entrepreneurship education, the predominance of the business plan paradigm and its appropriateness in programmes entailing multiple required and optional courses. We also engage with education-related debates concerning process versus content and experiential learning.

In the second part of the paper we focus on our framework. We provide the context for the development of the framework by providing a historical perspective on the goals and challenges shaping its evolution, and also a review of the earlier models from which our framework is derived. Next, we explain the framework in detail. Finally, we discuss its efficacy in relation to current curriculum debates, describing how the framework fits in our curriculum, and teaching and learning methods and goals.

## **Results and Implications:**

The paper contributes to the e-ed curriculum debate, providing a detailed account of the evolution of our framework and its efficacy as a tool for introducing entrepreneurship concepts to students. It is also an alternative practice that colleagues could consider using in their classes. According to the notion of “constructive alignment” (Biggs, 2003; Jones, 2013), curriculum development should be guided by three questions: What do students need to learn? What learning activities would best enable students to achieve the desired learning outcomes? What forms of assessment are appropriate? Our paper provides compelling evidence the framework satisfies these criteria, often rather strongly, although there remains a need for further empirical research.

Figure 1: Opportunity Evaluation Framework

### Opportunity

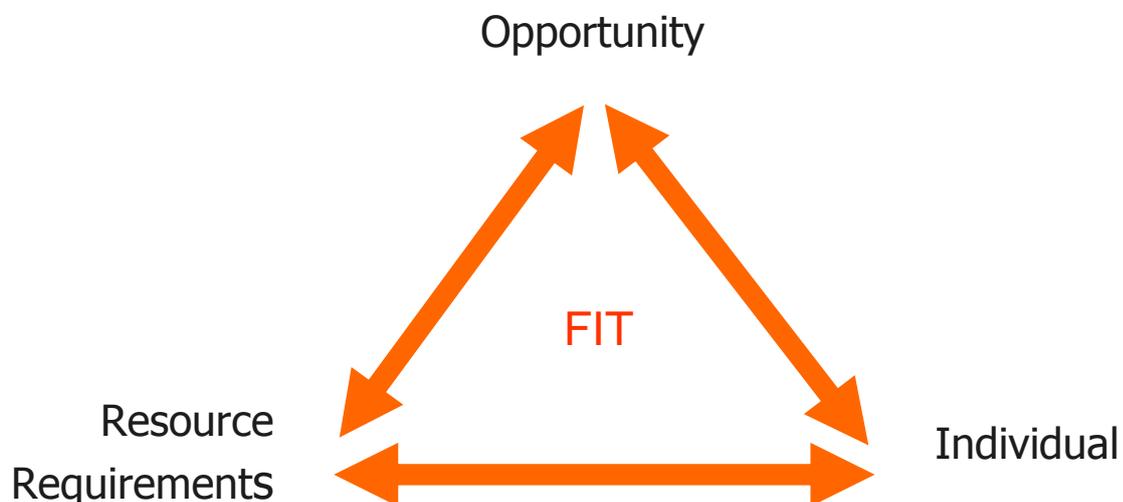
- SHOULD people want this?
  - does it address a need/want?
  - what is the Value?
  - ⇒ is there a market? *DEMAND*
- Who
- Where
  - ⇒ How big is the mkt? *MKT SIZE*
- Growth Potential
- Opportunity duration
- Competition
- Competitive Advantage / SCA
- Industry: Structure & Stage

### Resource Requirements

- commitment
- human capital
  - technical
  - business
- financial capital

### Entrepreneur

- personal characteristics
- motive / goals
- commitment
- ability to take risk
- human capital
  - technical
  - business
- financial capital
- social capital



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Key words: Entrepreneurship, Artrepreneurship, Education

Abstract

Track title: Small Business Management

Paper title: **“Artrepreneurship” practices in Hong Kong – Lessons from Damien Hirst**

Aim of the paper: This empirical study explores the status of “Artrepreneurship” practices in Hong Kong

Background Literature:

The art industry is tough for the artists as they have to go through expensive training, unsure market conditions, low income and high risk (Menger, 1999). Typically this is a winner takes it all market (Adler, 2006). Born in 1965, Damien Hirst is a famous example of a super rich but controversial contemporary artist. Robert Hughes, a well known art critic who died recently, remarked that the recent decline of contemporary art was caused by the acts of Damien Hirst. Hirst work philosophy is different from other artists. He would produce the early work by himself, for the remaining large chunk of work he would hire assistants to do it. Most other artists were forced to think and act according to market concerns. In the late 1990s, demand for Hirst’s work goes up and he operated an art factory with a team of art assistants (Reckhenrich, 2009). In 1999 Hirst openly admitted that he only finished by himself 5 out of more than 300 spot paintings. Each painting is done by several assistants. Hirst would have the final brush strokes and his signature (Thompson, 2008). Hirst felt that, the art industry suffered from “inattentive blindness” and could not see the big picture end game of art. Instead of building a collection of strong work as the previous world class artists had done, his focus was to build his own brand of shock art. Hirst’s first mover and innovative approach created a new market space. He is both an art thinker and an art doer. He manages to break the rules of the established art industry and build a unique brand and a quality art factory. Damien Hirst is one of the most well known artists nowadays, his success story can provide good lessons for today’s management world. Managers should not be blind by “inattentive blindness”.

‘Learning by doing’ is the typical way how an artist handles the business side of art (Bolan, 2002). Menger concluded that a lack of business knowledge is one key reason for the artist. Business skills, management skills and entrepreneurial skills are a must if an artist wants to survive and pursue art as a full time career (Menger 1999, 2001). Both Chicago’s School of the Art Institute and a British study confirmed that early entrepreneurial education did help the art graduate to become more successful (La Valle et al. 2000). Career management courses and career service offices offered by many art colleges in the UK and the USA proved to be useful in grooming an artist (Banks and Hesmondhalgh, 2009). As we enter the internet stage, new marketing tools, new web tools and social media tools should be added to the traditional management and entrepreneurship courses. Artists’ must develop managerial skills if they want to have a professional and sustainable career. Newmann (1981) argues that commercial and aesthetic considerations can coexist productively.

As there is no common national or international framework for art business development, there is a need for a strategic framework to guide key stakeholders to develop “artrepreneurship”. This empirical study explored the status of “artrepreneurship” practices in Hong Kong. The opinions of Hong Kong artists about “artrepreneurship”

practices based on Hirst's experience were explored.

#### Methodology

The research was conducted using a qualitative approach as there was no previous research on the artists' "artrepreneurship" practices in Hong Kong and a qualitative approach allowed the researcher to penetrate into the perspectives of the marginalized voices. While limited by small, non-representative samples, the analysis of the 20 interviews enabled the research objectives to be accomplished and provided insights for further research and empirical application.

#### Results and Implications

The Hirst's success story can provide good lessons for today's management world. Managers should constantly watch out the blind spots in their industries and should not be blind by "inattentive blindness". The successful contemporary artist can operate like an entrepreneur running a global business. To do that, they must constantly challenge the current practices and assumptions in their field. Current practices and assumptions can be the filters which can be beneficial or bad for the managers to become innovative in their field.

#### Appendix

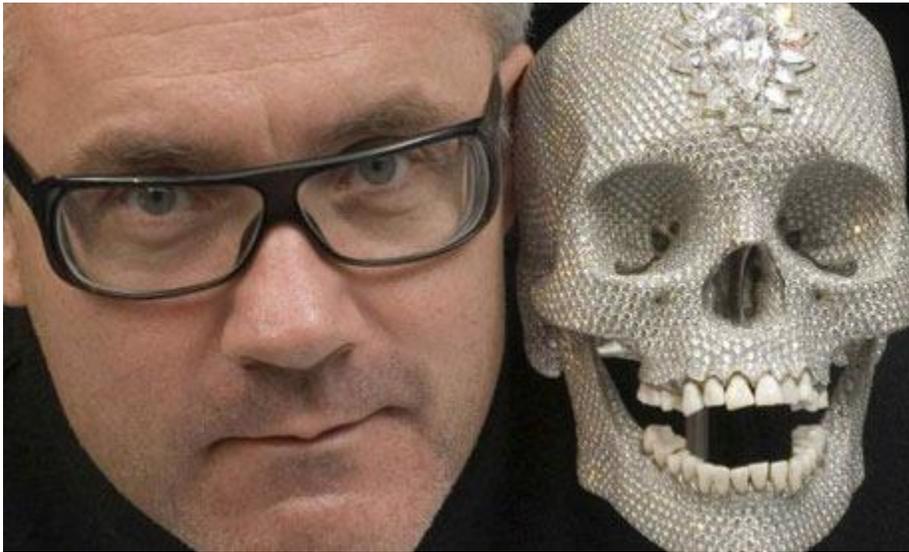


Skulls, sharks and polka dots in new Damien Hirst show at Tate Modern ...

[www.artlistings.com](http://www.artlistings.com)



Photo: Damien Hirst, "The Golden Calf," Sotheby's



Damien Hirst poses with his diamond encrusted skull, 'For the love of God'. Photograph: Reuters

# **The Socially Constructed industry landscape through Entrepreneurial Practice Innovation: Health Care Product Industry in China**

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## **Abstract**

After 1976, China has become the world's factory due to the open up to the world policy. Many of the technologically advanced countries have located most of their manufacturing centers in China, while they have had to transfer their production methods and managerial technologies to China. Even though people then focused on how to "learn the capital management and marketing approaches of foreign enterprises" (Deng, 1994), a fact that cannot be ignored is that China started to show its energy in building the industries with Chinese characteristics. Among these changes, Chinese people also began to gain wealth in the market economy. In the early 1990s, many civilians have been able to accumulate considerable wealth due to strong economic reforms in China and started to display an ability to purchase consumables other than life necessities. As the common people started to purchase commodities other than essentials, health care products that claimed to be able to strengthen people's physical health opened a new market in China. Within as short as three years, this market tripled, with the number of manufacturers increasing over 30 times. This led to the emergence of the first batch of well-known millionaires in modern China. Most research holds that the advent of the consumer market was the result of China's amazingly growing economy in the wake of globalization, whereas few studies have viewed this phenomenon from the social, cultural, and humanities-related respects of China, and even less from the process of construction of the newly emerging industries.

This study explores the relations between entrepreneurial practices and industry's development through an entrepreneurial narrative delivered by a Chinese entrepreneur who started to engage himself in health care products in 1997. This study combines an entrepreneur's experience in taking part in the health care industry in China with the historical background of the health care product industry in the country to scrutinize the industry that "initiated a quick consumable market with great momentum". It explores the way how the entrepreneurial practices in the industry constructed a new market in such a special social, economic, and

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cultural circumstance of an old country like China. The reason why we choose health care product industry as the empirical context was because this industry not merely “launched a quick consumable market with great momentum,” but also gathered remarkable passion of many entrepreneurs of that time. It progressed with such momentum that it became a trillion-dollar value industry from a small market scale of only million dollars’ value within two decades. Without a shred of doubt, entrepreneurs have played a crucial part in that process of construction.

In this study, we seek to shed additional light on the role of entrepreneurial practices in the formation of health care industry in China. We do so through a longitudinal case study of the health care product industry in China and a narrative inquiry of an entrepreneur who founded his health care product company. The entrepreneur surveyed in this study, Mr. Toong, was a futures exchange man before delving into the health care industry under the enthusiastic atmosphere among the industry in 1997. He created his own company, Longevity, and it has become one of the famous firms in health care market now. We explore how the entrepreneur construct the business landscape and organize the way to participate the industrial practices, how the innovation occurred to the practice, and how the practice engagement constructed the configuration of industry.

Through the entrepreneurial narrative given by Toong, the study found that first of all, entrepreneurs would construct the image of business landscapes of the industry by their own, and delivered their own entrepreneurial practices on the ground of the already constructed business landscapes. Secondly, although most of the entrepreneurs would not have sufficient information to imagine and construct this industrial business landscape, such lack of information lent more space for them to imagine and led to a wide variety of possibilities and necessities of the new practices. Through engaged in practices in real business world, entrepreneurs were able to gap his insufficiency of industrial knowledge and brought about new possibilities for innovation in the industry. This seemingly lack of information and knowledge appeared more obvious in the initial phase of the industrial development. Thirdly, in the intensely developmental phase, entrepreneurs could very easily deliver their subjective ideas into the industry and left an imprint in the developing industry.

Form this study, we suggest that a proactively developing industry would help entrepreneurs to open up their imagination for the business, which triggers entrepreneurial developments further and facilitates the advances of the industry as a result. Meanwhile, the study suggested that new entrepreneurs put forth efforts in entrepreneurial practice based on their imagination, and start a series of constructions on new practice, thus attracting more people to join, reviving the energy of the industry and leading to a change of the logic of the industry. Which is contrary to the past ideas that “opportunities for enterprises” motivate the development of the industry, put differently, more entrepreneurial activities are equivalent of more innovative practices and more growth and transformation in the industry. During the process, the entrepreneurs would materialize their cultural tendencies and preferences into the entrepreneurial practices, and thereby construct an industry that boasts local features.

**Keywords: entrepreneurial narrative, entrepreneurial practice, business landscape, health care product industry**

## **How to Improve the Survival of Young Retail and Service Firms in Sparsely Populated Areas?**

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**Track title:** Policy

## **How to Improve the Survival of Young Retail and Service Firms in Sparsely Populated Areas?**

### **Aim of the Paper**

This paper seeks to identify practical methods that should be done in pursuit to foster the survival of young businesses within the service and retail sector. We will focus on businesses located in small and generally rural areas in the region of Northern Karelia in Finland. Our study is very hands-on in nature, as we want to give the floor to entrepreneurs themselves and let them consider the question in reflection to their own enterprises.

### **Background Literature**

Facilitating entrepreneurship and nurturing existing entrepreneurship is meaningful for many reasons. The most evident reason is the fact that firms create jobs and, therefore, contribute to general wellbeing. The level of entrepreneurial activity is also often connected to regional prosperity. (Reynolds & Storey & Westhead 2007.) This is also apparent in sparsely populated rural areas, where entrepreneurship has become the new focal point for development (Drabenstott, Novack & Abraham 2003). Many notable small businesses have their roots in rural areas and, today, with the development of e-commerce, they have even more business opportunities than before. Within the rural area context, it is noteworthy that most of the businesses operating in more peripheral areas are usually small and, according to Scott (2012), these types of businesses create jobs that usually stay local.

Rurality is a specific entrepreneurial milieu, a context which includes distinct physical, social, and economic characteristics. According to Siemens (2010), it is apparent that, based on previous research, businesses on average tend to be small, and mainly service-oriented in rural areas. This is also true in Northern Karelia, Finland, where a vast majority of the businesses outside the basic agriculture belong to the service or retail sectors. Despite the distinct nature of rurality, the entrepreneurial process seems to be equal with the equivalent process in urban areas. (Stathopoulou & Psaltopoulos & Skuras 2004.) Therefore, we argue that the same practices and methods suit businesses operating in rural areas as their more urban counterparts in pursuit to foster their survival and success.

How can we predict the performance of a new firm and thus make the right choices for improving the conditions for new firms' survival? Research in entrepreneurship has particularly emphasized the characteristics of entrepreneurs, such as gender, need for achievement, education, management experience, and goals (Cooper 1991). These are factors that are directly controlled by an entrepreneur. Prior studies have also shown a link between orderliness and planning of a start-up process and survival (Littunen 1992; Cooper 1991).

However, there are factors outside the direct control of an entrepreneur that may affect the survival rate of enterprises. These include, e.g., out-migration and increased unemployment to mention but a few. There has been on-going out-migration in Finland from rural areas to urban centers over the past decades. This is why new enterprises tend to need outside stimulation for survival. This means we need solid policy programs for supporting new and young enterprises to back up the decisions policy makers have to make when allocating the scarce resources as effectively as possible.

The basic principle of the regional policy on the national level in Finland is to support equal regional development, and by doing so, to try to equalize the unequal regional effects caused by market forces. (Rantama 2002.) On the other hand, regional policy has been seen to have bipartite objectives: to equalize differences and distribute resources between regions, and to find, create, and exploit new resources (Mäkinen 1999).

### **Methodology**

In this study, we will take a look at the best practices entrepreneurs feel should be used in order to promote entrepreneurial wellbeing and the survival of young firms in sparsely populated rural areas.

The study is based on 35 interviews representing firms operating in service and retail sectors in rural areas. The interviews were carried out in fall 2013 in Northern Karelia, Finland.

The theme interview method was used in conducting the interviews. As a method, theme interview is set between open-ended questions and a structured interview. The theme interview method provides information about the object, and is a good practice when experiences are analyzed. Since the aim of this study was to give entrepreneurs a chance to express their opinions regarding what should be done and what are the best practices to support new service and retail businesses in sparsely populated rural areas, the theme interview was seen to be the best method for gathering reliable and valid data.

The interviews were carried out both by telephone and by personal visits to the entrepreneurs' establishments. In both cases, the interviewer had a questionnaire form and a data recorder. All of the interviews were recorded, and the interviewees were informed about this.

## **Results and Implications**

The method chosen for this study was successful in gathering data from the interviewees. The collected information gave some fairly generalizable suggestions for the best practices for supporting new service and retail businesses in sparsely populated areas. Furthermore, it is noteworthy that this is first-hand information from the entrepreneurs themselves.

Based on the interviews, we argue that public policies and programs have somewhat two-fold effects on the survival of young firms. Entrepreneurs feel that regional development companies and other public agencies should show great interest in them when they are still in the process of venture creation. Moreover, entrepreneurs feel that, in many cases, this help is indispensable. However, almost all of the interviewed entrepreneurs felt that once a company has been formed, previous interest shown in the business ceases. They feel that they are left alone. Based on the interviews, it is also clear that companies started with clear and adequate goals are more likely to succeed than their counterparts with poor or no goals. Therefore, the planning process is in a key role, as entrepreneurs who had clear plans and a clear vision seemed to get better results from their businesses.

There are several implications that can be made based on our findings. First, we encourage all the public agencies that support new and young businesses to go out on the field and meet with the entrepreneurs themselves. This gives the entrepreneurs a sense of appreciation and it also serves as a control check to find out how the businesses are doing. This can lead to an early intervention if there are troubles to be foreseen. Second, we suggest that more attention needs to be paid in setting goals for new ventures and in the initial planning of the business process. When an entrepreneur has planned his or her business appropriately and he or she has clear goals, the probability for survival and success is likely to increase. Lastly, if representatives from public agencies regularly visit the entrepreneurs, they can check on the progress of entrepreneurs achieving their goals.



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# Exploring the Value of Informal Entrepreneurial Behaviour in Post-Socialist Contexts

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Keywords: entrepreneurial behaviour, informality, post-socialist context, value, institutions

## Track title: Different Contexts

### Paper Title: Exploring the Value of Informal Entrepreneurial Behaviour in Post-Socialist Contexts

#### Aim of the paper

Informal activities have been subject of extensive research. An entrepreneurship perspective, in particular, has contributed new insights related to the host of reasons for engagement in these activities - monetary gain or, moral and mutual support; the change over time of motivations (opportunity or necessity) to participate in the informal sector; as well as the interplay of various dimensions of a context - spatial, economical, regulatory and socio-cultural – in facilitating/inhibiting different forms of informal entrepreneurial behaviour (Wallace and Latcheva, 2006; Welter, 2011). Less systematic research, however, has been conducted in relation to the value or outcomes of informal activities at different levels of analysis (individual, community, society) and in relation to different contextual conditions. We argue that this has been partly the result of an over-emphasis in the literature on the economic outcomes of entrepreneurial activities. Our aim in this paper, therefore, is to look at value of informal entrepreneurial activities in relation to context. By doing so we extend discussions in the literature on dimensions of value other than economic, to account for the social legitimacy of, and the social value derived from, informal entrepreneurial activities. The different value attributions may also provide important pointers on the temporal and contextual dimensions of the value of informal entrepreneurial activities, as well as the longer term implications of relying on these practices.

#### Literature

To date, most discussions about the value or the contributions of entrepreneurial behaviour have been concerned with the *economic* value of entrepreneurial activities, framed within the seminal work of Baumol (1990) and his distinction of productive, unproductive and destructive entrepreneurial activities. His work has proven invaluable in highlighting the role of institutions and in supporting our understanding of the economic effects of entrepreneurial activity, as supported also by empirical evidence in several contexts (i.e. Sobel, 2008).

This typology, however, does not account for the institutional work conducted by individuals in countries with inefficient or changing institutional arrangements (Douhan and Henrekson, 2010), suggesting that some unproductive activities might be followed by productive outcomes especially when they improve the efficiency of existing institutions (Davidson and Wiklund, 2001). Evidence suggests that: (i) entrepreneurial behaviour, acquired in relation to the second economy in Soviet times has been valuable in supporting business entry and development (i.e. Aidis & van Praag, 2007); and (ii) using entrepreneurial behaviour to substitute informal institutions, such as using corruption to cope with institutional voids, has supported business growth and development (Xheneti & Bartlett, 2012). Arguably, this informal entrepreneurial behaviour also places an additional burden on those that play by the rules, creating an anti-competitive environment in which some market players operate outside the law while those operating within the legal boundaries face increased costs of compliance (Webb et al., 2009). Also, some forms of informal behaviour might have very high opportunity costs (Douhan & Henrekson, 2010) and evasive and criminal behaviour might have multiplier effects (Coyne et al., 2010), with detrimental consequences for societies.

#### Methodology

Empirically, we draw on two projects on cross border cooperation in European border regions that one or both authors have been involved. A total of 80 and 100 interviews were conducted in the border regions investigated within each project in 16 European border regions in seven countries: Belarus, Bulgaria, Estonia, Greece, Lithuania, Moldova and Poland. The data was collected as part of two larger projects mainly concerned with cross border entrepreneurship and completed in respectively 2007 and 2008. Despite some variations in the border regions investigated in our studies related to their socio-cultural characteristics and their geographical location vis-a-vis EU borders, they all face extended economic problems such as low levels of GDP compared to their countries' average, unemployment and absence of investment activities; have an aging population and experience high levels of migration to larger cities or other EU countries.

The interviews were semi-structured, reflecting both the exploratory and sensitive nature of the subject as well as the need for some consistency across the regions. The original idea was to focus on petty trading activity with a cross border element. However, initial research showed that such activity was not present in all case study regions. As a consequence, in regions where other forms of cross-border entrepreneurial activity were dominant, we extended the concept from selling to include cross-border activity such as sources of supply and buying; entrepreneurial activities that draw on cross-border labour flows.

Data was mainly qualitative, thereby facilitating an exploratory analysis of informal entrepreneurial activities and the wider contribution of these activities at individual and community level. Interviews were conducted face-to-face and in the national languages by the national teams in each of the countries. Interview protocols were translated into English and entered into a computer program for analysing qualitative data (NVIVO). Computer-assisted programs for qualitative data analysis support researchers in handling large amounts of text systematically and identifying patterns. Data was analysed following an inductive approach proceeding from within-case to cross-case analysis.

### **Findings and implications**

Concurrently with previous research we find that informal activities are an economic necessity for border regions in supporting some of the uncertainty and difficulties related to the post-socialist institutional transformation and the regional problems of being economically and geographically peripheral. Respondents in our sample considered value of informal entrepreneurial activities along economic and social dimensions. More specifically, their value related to: (i) offering good quality or affordable products to the population of border regions with limited purchasing ability; (ii) filling in any shortages of goods in the local market; (iii) supporting other businesses (both formal and informal) in stocking a variety of goods to fulfil local demand, with important implications for those that lack both, time and visa to cross the border; (iv) maintaining good neighbourly and social relations by giving access to different types of goods to those that cannot cross the border. Spatial and socio-institutional differences of the border regions under investigation affected how respondents attributed value to their actions, with regions that are socio-culturally close and less economically developed seeing these activities as supporting economic 'survival' but also maintaining social relations in borderlands. In more developed regions, and especially those that benefited from EU enlargement, respondents also hinted at the role of these activities for stimulating entrepreneurial activity in these regions by providing awareness or the necessary capital to engage in formal entrepreneurial activities. Informal entrepreneurial activities rely on social mechanisms that might be illegal but yet socially acceptable and might result in outcomes which can be conceptualized more than just in economic terms, because individuals, households or even whole communities nurture family and social relations through their engagement in different forms of entrepreneurial behaviour. Overall, we believe that the value of informal entrepreneurial behaviour is continuously changing in relation to changes in the contextual dimensions where it occurs and as such, value should be framed within the specific contextual conditions where it is embedded.

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How do Top-Manager's Characteristics affect Japanese SME Manufacturers'  
Performance under Their Buyer-Seller Relationships?<sup>1</sup>  
-Evidence from SMEs in Japanese High-Tech Industrial Area-

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Track Title : Firm Performance

Paper Title : How do Top-Manager's Characteristics and Network affect Japanese SME  
Manufacturers' Performance under Their Buyer-Seller Relationships?

Aim of This Paper :

The aim of this paper is to do an empirical study on the influence of top-manager's characteristics on Japanese SME manufacturers' performance under their buyer-seller relationships relationship with main customers. It is broadly considered that SME manufacturers are the basis of international competitiveness of Japanese manufacturing industries. Hence, it is important to analyze how the performance of Japanese SME manufacturers are determined. Especially, we focus on SME manufacturers in TAMA area, one of the most famous high-tech industrial area in Japan.

For this aim, we show the outside and inside factors that are related to Japanese SME manufacturers' performance. First, we consider the outside factor, the buyer-seller relationship with their main customers. It is well known that Japanese SME manufacturers have an important managerial characteristic, called "the Subcontract Relationship". This means that the characteristics of main customers and relationships affected the performance of Japanese SME manufacturers. On the other hand, the characteristics of top-managers as the inside factors also affected the performance of SMEs manufacturers. Considering above two viewpoints, we build the empirical model to analyze the determination of the performance of Japanese SME manufacturers.

Background Literature

It is broadly considered that buyer-seller relationship is particularly important to analyze

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managerial performance of SME manufacturers from many aspects of viewpoints (Kumar and Subrahmanya(2012)). Especially, referring to Patatoukas(2012), we focus on the characteristics of buyer-seller relationship with main customers. In Pataoukas(2012), there is the simple positive significant relationship between firms' performance and customer concentration. However, in this research, we hypothesize the U-shaped relationship between them, according to our qualitative research in TAMA area. In addition, related to their buyer-seller relationship, we focus if SME manufacturers ship goods out of the port of Japan, as the determination of their performances(Salomon and Myles(2005)).

On the other hand, characteristics of top-managers are also important determination of SME manufacturers' performance. For example, top manager's age, education, working experience in another company. In this research, we particularly consider the top-manager's network with outside associations (Lechner, Dowling, Welppe(2006)). That is because TAMA area is famous for many of university and public institute. Moreover, we assume the inverted-U shaped relationship between top-manager's network and performance from our qualitative research.

## Methodology

For the empirical study to verify the effect of outside and inside factors of Japanese SME manufacturers, we utilized questionnaire data based on our qualitative exploratory research for SME manufacturers in the TAMA area, the suburb of Tokyo. TAMA area is one of the most famous area as the industrial agglomeration with high-tech SME manufactures that own business relationship with Japanese large companies. We sent 358 questionnaires to SME manufacturers in TAMA area and received 206 responses. The ratio of response is high because we obtained assistance from a local bank in TAMA area. From data set based on these questionnaires, we built the empirical model. This study's dependent variable is the logarithm of sales per employee(=SPE) of each firm. On the other hand, we utilized the independent variables as follows. First, as outside factors, we used logarithm of the number of the employee of main customer(=CS), the ratio of total sales on the main customer(=CD), dummy variable that the SME manufacturer does export of their products to customers in abroad or not(=Export). Second, as inside factors, we used the variable to show how many times the top-manager attended the outside association in one year as the proxy of their network(=Network). In addition, we used the some dummy variables such as top-managers graduated from the university or not(University), working experience in other company(=WE), and grew up in a family that is in business or not(=Family). The expected signs of coefficients of variables are shown in Table 1. Considering those variables, we used OLS with robust standard error for our estimation.

## Results and Implications

Table 1 shows the results of our estimation. CS and Export are positively significant at 10% Level. This means the size of customer positively affected performance of SME manufacturer. CM is negatively and CM<sup>2</sup> is positively significant at 10% level. Thus, it can be considered that there is U-shaped relationship between the dependence on the main customer and SME manufacturer's performance. Secondly, Top-manager's characteristics are partly affected the performance. Both of University and family are negatively significant at 5% level. Network is positively and Network<sup>2</sup> is negatively significant at 5% level. It means that there is the inverted U-Shaped relationship between the frequency of top-managers' networking activity and SME manufacturer's performance. In this paper, we have developed an empirical model to analyze the influence of top-manager's characteristics on Japanese SME manufacturers' performance in TAMA area under buyer-seller relationship with main customers. In other words, we can find how outside and inside factors affected on the performance of Japanese SME manufacturers. However, there is a problem in this empirical study, the limited number of questionnaires. Thus, as the future direction of our research, we must do same empirical studies to verify the robustness of this result.

Table1. Empirical Result

*****1% level, ****5% level, ***10% level				
OLS with Robust Standard Error				
Dependent Variable : SPE				
	Expected Sign	Coefficient	T-Value	
Firm's age	Control	-0.0675	-0.64	
Firm's size	Control	-0.0015	-0.02	
CS	+	0.0431	1.67	*
CM	-	-1.7466	-1.68	*
CM2	+	1.7214	1.65	*
Export	+	0.3240	2.24	**
Top Manager's Age	Control	0.3473	1.5	
University	+	0.3013	2.22	**
Working Experience	+	0.1039	0.69	
Family	+/-	-0.3481	-2.39	**
Network	+	0.6508	2.4	**
Network2	-	-0.4188	-2.18	**
Intercept		8.1492	9.63	***
Adj-R2			0.1469	
F-Value			2.15***	
OBS			206	

## **Factors Influencing the Success of Hotel Entrepreneurs and Firm Growth**

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Key Words: Entrepreneurship, Tourism, Growth, SME, Hospitality 2

## **ABSTRACT**

**Track Title:** Small Business Management

**Paper Title:** Factors influencing the success of hotel entrepreneurs and firm growth

**Aim of the Paper:** In the field of business growth, most research has focused on the entrepreneur's characteristics and formulation of growth paths for business. In recognising this, the research presented in this paper aimed to explore and evaluate the key factors controlling hotel growth in the hospitality industry.

**Background Literature:** Tourism entrepreneurship plays an important role in a country's economy and social life (Morrison & Teixeira, 2004). Equally, growing companies in tourism are also crucial for the wealth of the country (Getz & Petersen, 2005). The literature has shown that this is the case for small islands where the economy is fully dependent of tourism and related activities (Morrison, 2006). Moreover, despite this shift towards the importance of hotels in the economy, very little research has been carried out into the area of growth processes. Surveys carried out by Shaw and Williams (1998), Saayman and Saayman (1998), Ateljevic and Doorne (2000) and Morrison (2006) investigating the difficulties of achieving successful growth in the hotel business, interviewed tourism entrepreneurs about key research areas in the hospitality and entrepreneurship field; all identified growth as the most important area for future research inquiry. The Bolton Report (1971) identified that small and medium sized enterprises (SMEs) make a significant contribution to economic growth with job creation, innovation and the encouragement of entrepreneurship. Davidsson et al. (2004) agreed that "growth is the very essence of entrepreneurship". It would seem obvious that growing companies provide a huge contribution to the country's economy as well as the social life of the people. But, it has been a difficult task to define growth factors because of people's changeable perceptions. Penrose (1959) explained that growth did not only mean increasing the numbers of sales and outcomes. Growth could be based on the size and improvement in the quality, especially in the service sectors.

The growth of small firms has not been adequately explained and developed as a theory (Gibb and Davies, 1990; Smallbone et al., 1995; Gibb, 2000). Many disciplines and theories have been used to understand and explain the growth of firms. Delmar and Davidson (2000) stated that "despite increased research efforts, our knowledge about high-growth business is still very limited". Lechner and Dowling (2003) raised the two key questions on growth: "How and why do entrepreneurial firms grow?" Some research results have shown that entrepreneurs do not wish to grow (Storey, 1994; Aldrich and Martinez, 2001). Storey (1994, p. 112) pointed out that "the numerically dominant group of small businesses are those which are small today and, even if they survive, are always likely to remain small-scale operations". Aldrich and Martinez (2001) also found that many firms never add more employees, and of the minority that do grow, only 3 percent add more than 100 employees. Tilley and Tonge (2003) argue that entrepreneurs are looking to day-to-day survival, which causes them to stop expanding, and developing new services or products. However, it does not mean that SMEs start small and stay small (Storey, 1994). The average American firm is growing at a rate of 3.5 percent per annum (Gilbert et al., 2006). Most of the growth rate measurement is based on the number of employees or sales. According to the National Commission on Entrepreneurship, rapid growth companies are defined as a company which grows at 15 percent per year by employment rate (Gilbert et al., 2006). Despite this, growth is not easy to achieve and maintain. It involves challenges, requires encouragement and different factors influencing externally and internally of firms and entrepreneur (Barringer and Greening, 1998; Barringer et al., 2005).

There were only a very limited number of studies which focused on the small hotel business conducted prior to the late 80s (Page et al., 1999). Glancey and Pettigrew (1997) argued that the reason for this was that although many tourism establishments are small businesses, they were not treated like small businesses in other sectors. Page et al. (1999) identified the reasons as: lack of theoretical and empirical data on small firm based tourism research; inadequate information and analyses of the needs of the small business sector; and the cost of 3

generating primary data on small tourism businesses at the information generating stage. Many researchers have concentrated on large or chain hotels because these hotels are more dominant and stronger than small hotels (Glancey and Pettigrew, 1997). Studies on small tourism enterprises increased after the 90s, especially in the hotel business (Morrison, 1996; Glancey and Pettigrew, 1997; Morrison et al., 1999; Morrison, 2000; Claver et al., 2006; Morrison and Teixeira, 2004). Glancey and Pettigrew (1997) found that the existing literature on small hotel businesses was aimed at finding out the personal characteristics, motivations, objectives, and managerial practices of the key agent and entrepreneur.

The literature has shown that there are many independent lists of factors in terms of growth of firms in business and tourism context.

Storey (1994) found following Thirty eight factors as an important for growth of firms such as; motivation, unemployment, education etc. Barkham et al (1996) found twenty factors as an important for growth of firms such as; age, gender, education etc. Lumpkin and Dess (1996) found four growth factors such as; autonomy and innovativeness etc. Perren (1999) found twenty two growth factors such as; desire to succeed, active risk taker. Coulter (2000) found eight growth factors such as; family birth order, gender, works experience etc.

In the tourism literature there was small number of studies which found growth factors for tourism companies. Glancey and Pettigrew (1997) found five growth factor for tourism business such as; personal characteristics, motivation etc. Morrison (1999) found eleven growth factors such as; knowledge leadership, timing of action etc. Claver et al (2006) found five growth factors such as; profitability and risk, size etc. Newel and Seabrook (2006) found one growth factor as; entrepreneur's motivation.

The review of the literature indicates that the growth and tourism literature is still relatively new. There are small numbers of empirical research studies. However, the existing ones are not focused on finding growth factors in the hotel industry. In addition, previous studies have not put forward any research implications for growth and entrepreneurial success in the hotel industry.

Most of the growth studies were conducted in developed and stable countries. In most cases, the economy was also stable and did not affect the study results. However, generally in the world many countries do not have the same conditions as the research countries. This may create confusion and a difficulty in applying a similar approach where the whole situation is different.

Cyprus is the third largest island in the Mediterranean Sea, covering an area of about 3500 square miles. The island was divided after the 1974 war with the Greek Cypriots settling in the South and the Turkish Cypriots settling in the North. The Republic of Cyprus continued to be held by Greek Cypriots after 1974. The Turkish Republic of Northern Cyprus declared a Turkish-held area and as a result faces an international embargo. This has affected many areas like tourism, business and trade. The only way to travel is via air transportation, which has also faced difficulties because of the embargo. That was not the only impact of the isolation on Turkish Cypriots. They have been living in the northern part of island without any connection to the rest of the world. There were no jobs, developments, technology, or network improvements around the island after 1974 (Altinay, Altinay, & Bicak, 2002). It had a real effect on establishing a business or investing money and taking a risk for people who pursued being an entrepreneur on the island. Turkish Cypriots have been faced with many difficulties in their lives which have resulted in identity problems and in becoming socially dislocated from the rest of the world (Altinay & Bowen, 2006).

**Methodology:** Empirically, the paper relies on both quantitative and qualitative methods to develop a deeper understanding of the tourism entrepreneur's perception to growth well as the factors influence of growth to be successful. The hospitality sector is the main component of the North Cyprus tourism industry, and there were 115 accommodation establishments (hotels, motels and holiday villages) with a bed capacity of 15,816 in 2007. Quantitatively, 92 hotels examined based on bed capacity, occupancy rates and employee numbers since the opening 4

of hotels to 2006. The results has shown the number of hotels which has grow over years and categorised no growth, little growth and successful growth (Perren, 1999).

The qualitative study explores the perception of five hotels which have shown successful growth level concerning growth factors such as entrepreneur/personality attributes, the business, external influence and entrepreneur orientation. The research data was collected starting from September 2008 to March 2009. The research, therefore, has been designed to use a rich data collection strategy including interviews, archival documents and direct observation. All interviews were done face to face with the entrepreneur(s) and tape recorded with their permission. The researcher has been used open questions during the interviews with entrepreneurs. Owners have been interviewed more than ones within the natural environment during any time in a day. The entrepreneurs also agreed to have unscheduled visits for observation and during those visits the researcher kept notes and did not use a tape recorder. The structure of the case studies required doing interviews with other people who are involved or related to the entrepreneurs, like family members, friends, employees, managers etc. The case studies have been coded in order to help analyse and discuss the outcomes. The coded cases interpreted to find the most important factors for hotels.

**Results and Implications:** Small island economies are dependent on tourism. Growth is an essential part of the future and wealth of the people. In this study, the findings were shown that the key factors were primarily related to the entrepreneur's characteristics and leadership. The findings from the case study hotels further suggested that location; loyal customers and loyal employees played a key role in achieving growth. An entrepreneur's ability and skills to develop and manage a hotel with the combination of good networking, leadership, and seeing opportunities and adapting to changes in time, appear to depend very much on the country's circumstances and past life experiences of the entrepreneur.

The findings have also shown that some factors are more influential than others on entrepreneur's decision to growth. However, the factors are interrelated to one another which means that one factor on its own cannot influence the growth of the hotels. In the successful hotels, besides the relation of the strong effect or weak effect of the factors on the growth of the business, the relationship between the factors was found to be strongly influential on the pursuit of growth. Under the category of entrepreneur/personality attributes, seven factors were found to be important. These are listed as; desire to succeed, active risk taker, education, family history, age of founders, network of contacts and the other business interests of the owner. The second category of business has shown three important factors as; influenced growth, namely, location, family/"investing" friends, and key employees/partners. The third category of external influence shows that state support and customer concentration are the most important factors. In the last category, entrepreneur orientation, all the four factors were found to be important for the growth of the hotel business. Hence, sixteen important factors lead them to successful growth of their hotels. Moreover, this study also found that growth could not be achieved easily for hotel entrepreneurs unless all the factors combined together in a way of achieve successful growth. The combination of the factors is the responsibility of the entrepreneurs and their ability to do it.

The literature and main study findings have shown that theoretically and practically a new approach and kind of guidance is required to show the successful growth path for hoteliers. Newell and Seabrook (2006) agreed that hotel investment and continuation of the business is not an easy job and specific problems increase the loss in the industry. Many hotels started small and hardly survived, as in the case of the TRNC hotels. There is clear evidence to say that North Cyprus' special circumstances make small business growth different to other places. These circumstances included the socio-economic level of the people, political uncertainty, identity and cultural differences. However, some firms turn the situation into an opportunity and used it as a new challenge for future developments. In the end, growing business will all change the environment of entrepreneurship, success of entrepreneurs, the economy and social life of the country.



WORLD  
CONFERENCE ON  
ENTREPRENEURSHIP



# Linking Network Capability on Small Business Performance

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**Keywords:** Entrepreneurship; Innovation; Entrepreneurial Orientation; Network Capabilities; Firm Performance.

## Abstract

### Objective

The purpose of the study is to measure the impact of network capability (NC) on small enterprise performance via knowledge creation, and two dimensions of entrepreneurial orientation (EO): competitive aggressiveness and innovativeness.

### Prior work

Although a large stream of research has examined the concept of entrepreneurial orientation (EO) and its determinants and consequences, studies have not paid sufficient attention to organizational context. Distinctive organizational configurations require different models to test sources of EO or behavior. For example, prominent drivers of EO in small firms are expected to be different from those in large firms. Miller (2011: 875) and his colleagues have argued, that differentiation among organization types, that is research focusing on specific context of firms is 'needed to study and predict EO'. Whereas the majority of EO studies employ a heterogeneous sample of firms of various sizes, our study takes up Miller's recommendation by testing a model on small-sized firms only. Our sample's homogeneity is further strengthened by drawing them from within the UAE context only.

### Approach

We propose a theoretical model that was tested using a survey instrument administered to owners and managers of small sized enterprises within the UAE. Theory development was assisted by semi-structured interviews with an independent sample of owners and managers of small enterprises. PLS path modeling was chosen to validate and test our conceptual model depicted in Figure 1, applying SmartPLS.

## Results

The conceptual model developed by this study examines the mediating role of knowledge creation in the relationship between NC and innovativeness and also NC and competitive aggressiveness. The results show that NC can positively enhance innovativeness and competitive aggressiveness; however if knowledge creation is added as a mediator, the directly positive relationship between NC and innovativeness and between NC and competitive aggressiveness will attenuate. This specifically implies that NC indirectly influences innovativeness and competitive aggressiveness by influencing knowledge creation. Thus, knowledge creation plays a partial mediating role through which NC benefits innovativeness and competitive aggressiveness.

Furthermore, the conceptual model examines the mediating role of innovativeness and competitive aggressiveness in the relationship between knowledge creation and small business enterprise performance. The results show no direct relationship was found to be apparent between knowledge creation and firm performance; however, knowledge creation can positively enhance performance if innovativeness and competitive aggressiveness are added as mediators. This specifically implies that knowledge creation indirectly influences performance by influencing innovativeness and competitive aggressiveness. Thus, innovativeness and competitive aggressiveness play key mediating roles through which knowledge creation benefits small business enterprise performance.

In sum, the research shows that NC and knowledge creation leads to firm performance through the mediating effect of competitive aggressiveness and innovativeness with no direct relationship apparent between NC or knowledge creation with firm performance.

## Implications

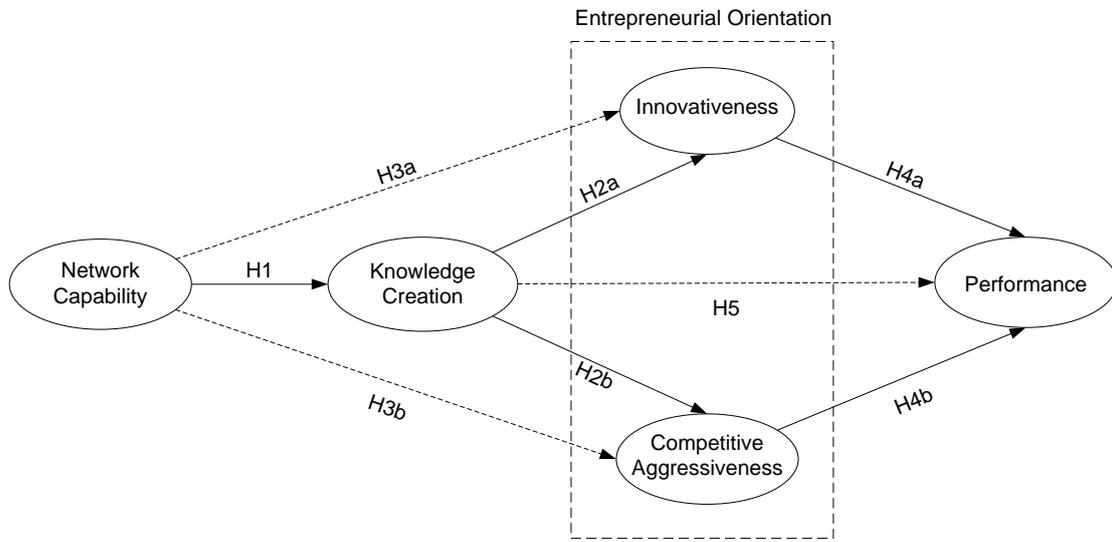
The findings contribute to theoretical development in several ways. First, while a large number of studies have investigated the relationship between EO and firm performance the majority of these studies employ a heterogeneous sample of firm sizes. Thus, the link between EO and small business performance remains to be made and there is still work to be done to estimate the conditions under which alternative models may be appropriate for the small business context. Our findings support the arguments for a contingency perspective on the knowledge creation – small business performance link and make a contribution to entrepreneurship literature by clarifying the role innovativeness and competitive aggressiveness plays in small enterprises. Second, the model provides empirical support of Walter, Auer, and Ritter's theory that NC is positively related to knowledge creation; and furthermore, the findings demonstrate the mediating role of knowledge creation for small businesses who want to orient their firm towards innovativeness and competitive aggressiveness. Lastly, the study contributes to theoretical development by integrating the domains of NC and knowledge creation to EO and small business performance. Entrepreneurship literature suggests that entrepreneurial orientation' is important for venture success because EO is a 'means to discover and exploit profitable business opportunities. The NC literature emphasizes the value of network collaboration and leveraging knowledge created in helping anticipate market opportunities, develop innovation, and to bring products to market sooner thus impacting performance. We show that the conversion from NC to small business performance is mediated by knowledge creation and the two dimensions of EO: innovativeness and competitive aggressiveness.

From a practical view point, the study suggests that small business owners and managers should be aware of the important role knowledge creation, innovativeness and competitive aggressiveness play in the link between network capabilities and performance. Managers have to facilitate knowledge creation and its dissemination throughout the firm as well as influence the firm's orientation towards innovativeness and competitive aggressiveness. Managers need to develop network capabilities that lead to creation of knowledge that is then shared effectively within the enterprise and in addition nurture a climate where knowledge can be acted upon in the form of competitive moves or innovativeness

## **Value**

Our study seeks to contribute to the field of EO research in two main areas. First, we add to EO literature by investigating the relationship between EO and firm performance in the specific context of small enterprises; and the second is we investigate whether EO's two dimensions, competitive aggressiveness and innovativeness, play a key mediating role between network capabilities and small enterprise performance. Furthermore, the study findings present interesting practical implications for small business owners seeking to shift their firm's orientation towards being more entrepreneurial.

Figure 1: Conceptual Model



Note: Dotted lines indicate mediating effect hypotheses and solid lines represent main effect hypotheses

## **Development of a Typology of Business Model Innovation**

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Key Words: Business Model Innovation, Voice of the Customer, Qualitative Analysis

Track: Innovation

Paper Title: Development of a Typology of Business Model Innovation

#### Aim of the Paper

This paper aims to fill a gap in the existing business model literature by exploring the role of market orientation and customer involvement in how startups adapt their business models. Our research explores how business models change during different phases of the business development process as a result of how firms interact with the market. A typology of business model innovation is developed based on a qualitative analysis of interview data from nine firms.

#### Background Literature

Business model innovation is associated with configuring the business model elements in a new way to capture value from a technological (or other form of) innovation. However, one important barrier to business model innovation is the apparent success of the “institutionalized” way of exploiting an established technology (Chesbrough, 2010). If a firm continues exploiting the established business model and is afraid of experimenting, it might miss the potential value of an innovated business model (Chesbrough, 2010). Barriers to business model innovation can be overcome by effectuation and experimentation (Sarasvathy, 1996). Actors in effectuation processes, take action instead of relying on a pre-existing analysis of the market. Effectuation triggers business activity through the generation of new data from interactions with potential customers or through real-world experiments with new products (Sarasvathy, 1996). Such effectuation processes are similar to discovery-driven planning, which enables companies to evaluate key assumptions that have been made in a business model by further experimentation and adapting the initial business model (Chesbrough, 2010). This process is driven by updated information concerning the economic viability of previous assumptions made in constructing the current business model (McGrath & MacMillen, 1995). Other work concerning “lean startup” methods stresses testing business-hypotheses, product iteration and validated learning as the means to shorten the product development cycle and reduce market risks before moving into the next stages of business development (Ries, 2011). A core conclusion of these perspectives is that firms need to find a way to replace the old, reliable business model with a new one in order to be profitable in a turbulent market. Business model change is affected not only by firm’s capabilities and openness to learning and experimentation but also by the external environment. In this study, we use the business model ontology developed by Al-Debei and Avison (2010), who identify four primary dimensions or components of a business model with their constituent elements. These four components are the value proposition, value architecture, value network and actors. Business model innovation can result from reinventing the established value proposition, existing customer base, deconstructing traditional value networks or the firm’s role in the existing value chain (Magretta, 2002; Govindarajan & Gupta, 2001).

#### Methodology

Data were collected from six young high-tech software startups and three established software SMEs serving different market segments and ranging in size from 2 to 30. The markets ranged from professional soccer teams to procurement organizations, facility management software for hotels, customer intelligence for retailers, location-based advertising for retailers, hiking and cycling software, indoor navigation for hospitals and office buildings and driver intelligence systems for taxi drivers. The companies varied in their stage of development as well. Most were past research and development and market introduction phases. Some had already started scaling up their business model, whereas others had recently introduced their product on the market. One startup was still in the prototyping phase. This feature of the dataset is particularly valuable for analyzing business model dynamics in different business model development phases. The primary source of data in was obtained through semi-structured interviews with key personnel (CEO, business development manager) in each company. Information obtained from company websites and news articles was used to tailor interview questions appropriately. Nine in-depth interviews were conducted, with an average duration of sixty minutes, and audio-recorded in addition to the researchers’ field notes and informal records. Respondents were asked open-ended questions and appropriate prompts about the evolution of their business model over time and what factors played an important role in this process.

#### Results and Implications

Firm reactions to new market information were identified by observing how often firms change elements of their business model according to the information exchange they have with the market. Furthermore, firm responsiveness to market intelligence was not only determined by observing how often firms have made changes in their business model, but also in what activities these companies engage in to experiment with their business model. Firms that were responsive to information exchange resulting from market

interaction typically engaged in three activities. First, these companies targeted initial market segments to determine if these segments were viable, which was done by talking to customers and desk-checking for things such as market size and the presence of any legal barriers. If companies noticed that there was a specific demand for their offering, they made the decision to pursue that customer demand, instead of trying to validate their offering further for an extensive period of time. Second, these companies tended to focus their product iteration and prototyping processes according to customer feedback gained from targeting initial market segments. Finally, these firms tested the willingness of customers to pay for their product in terms of price, but also in terms of other elements of the firm's revenue model such as monthly subscription fees, fixed fees or activity-based online pricing methods. Furthermore, what these companies have in common is that they are open to taking risks as they move from the market validation phase into the product development phase.

Figure 1 - Typology of firm reaction

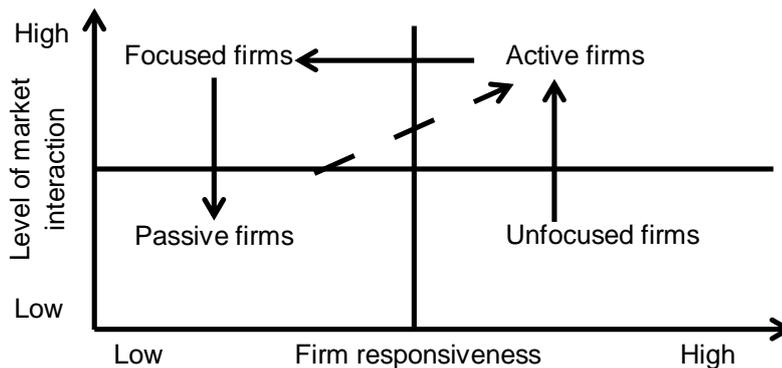


Figure 1 shows how firms can be classified (based on our data) according to the level of market interaction they use and their firm responsiveness. Firm responsiveness varies from low to high. Firms that aren't responsive make little changes in the components of their business model, whereas firms with high responsiveness constantly change different elements of their business model. The concept of market interaction is concerned with the level of information exchange between the firm and its market. The concepts of firm responsiveness and market interaction can be observed together to determine how firms respond to information gained from interacting with the market. Firm responsiveness to market interaction results in four types of firms classified as passive, active, unfocused and focused firms. The data show that firms changed certain business model components, but the impact of the change in business model varied for different firms and in different phases of business model development. Although the interviewed companies did not all change their business models in one specific development stage, it can be observed that most of these startups made adjustments to their business model in the market validation phase. The most distinguishable business model changes in the startups occurred in the value proposition and value finance phases. Examples of business model change included adding requested features to the product according to customer suggestions, adjusting product details according to small-scale testing of software updates, changing the target market of the company, positioning the product away from the competition or revising product price. These findings suggest that startups focus mainly on getting the value proposition and value finance right in the market validation phase. This research has explored the link between market orientation, customer involvement and business model innovation and tried to fill in the gap in existing literature. The value of this research lies in providing a detailed look at the extent to which firms change their business models as a result of their interaction with the market in different business model phases.

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# A Longitudinal Study of Entrepreneurial Activities in the UK Higher Education Sector

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Track Title  
Education

Paper Title  
A Longitudinal Study of Entrepreneurial Activities in the UK Higher Education Sector

## Aim of the Paper

The main aim of this paper is to evaluate the progress of entrepreneurial activities in the UK higher education sector so far. In general, with a few exceptions, there has been little systematic analysis of the performance of knowledge exchange activities in higher education institutions (HEIs) across UK regions or their development during a longer period. In addition, whilst the roles of institutional and locational characteristics of a university in determining its entrepreneurial performance level has been heavily addressed by the extant literature, they are not fully acknowledged in those UK policies facilitating linkages between academics and businesses. Another aim of this paper is thus to investigate to what extent universities of different types and across regions compare with each other with regard to their performance in entrepreneurial activities.

## Background Literature

The focus of early research on university-industry linkages has been knowledge transfer, e.g. patent licensing, an activity which deploys academic know-how to specific users. More recently, there is a recognition that knowledge flows between universities and their partners are essentially in a two-way process: from the universities to the partners and vice versa (Abreu et al., 2009; Kline and Rosenberg, 1986). An ESRC (2009) study claimed that the term knowledge exchange, in comparison to knowledge transfer, better captures the interactions between academics and the wider community. Furthermore, knowledge transfer is too specific (and narrow) to include the much wider channels of communication that academics are involved in (D'Este and Perkmann, 2011; Hughes, 2011; Perkmann and Walsh, 2007).

Factors influencing academic engagement in knowledge exchange could be found, and examined, at various levels ranging from individual, departmental, organisational, to institutional. On organisational level, the research quality and income of the affiliate university are indicators commonly used when analysing academic engagement. Generally, it is argued that the most research intensive universities also "possess greater networks with external organisations" (Huggins et al., 2010; see also Lockett et al., 2003). World excellent research in these institutions serves as a magnet for industrial partners, which, often large and global, pursue best knowledge regardless of its location.

The entrepreneurial performance of universities may also be affected by its location, in particular its economic competitiveness. For instance, evidence from global leading regions seems to suggest that, in those areas, "while universities can play an important role they are often supported by a dense system of institutions, including publicly funded research institutes and laboratories dedicated to applied research" (Huggins and Johnston, 2009). By contrast, less competitive regions tend to show a lack of this type of established research infrastructure, leaving universities as the most important, but alone, source of advanced knowledge. Governments in some such regions therefore further reinforce their expectations on universities by piling new functions and activities onto them, which however often leaves universities with a mission impossible (Jacob et al., 2003; Nedeava and Boden, 2006).

## Methodology

Analysis in this paper draws on the Higher Education-Business and Community Interaction Surveys (HE-BCIs), published by the Higher Education Funding Council for England (HEFCE) on behalf of all UK HEIs and the national funding bodies since the academic year 1999/2000. In order to keep consistency of data, this paper analyses the results of the HE-BCI surveys from 2003/04 to 2011/12, spanning an eight-year period. The number of HEIs reporting to the survey varies from year to year, reasons for which may include, among others, some universities choose to submit an optional nil return. For the purpose of consistent comparison, we compare the 133 members of Universities UK (UUK), an organisation which includes virtually all the

universities in the UK and some colleges of higher education. In order to control for the size difference of UK universities, the number of academics full-time equivalents (FTEs) in the corresponding year has been drawn from the Higher Education Statistics Agency (HESA).

Entrepreneurial activities of universities are set out by the HE-BCI survey that assesses the performance of universities in measures of collaborative research income, contract research income, consultancy income, facilities and equipment related services income, as well as income from courses for business and IP activity. In the aim of capturing institutional difference and regional divergence, two more typologies were employed in the UK context respectively. Firstly, we used the classification of regions defined by Huggins' UK Competitiveness Index (UKCI). In general, the South East, London, and East of England could be categorised as competitive regions, with the remaining nine regions being labelled as uncompetitive. Secondly, in terms of the categorisation of UK universities, we follow previous studies' classification of UK HEIs and compare the performance of established (pre-1992) and new (post-1992) universities. Consequently our findings are based on the analysis of activities of two different types of university – established and new – within two different types of region – competitive and uncompetitive.

### Results and Implications

Universities in the 12 UK regions have demonstrated various patterns of development in entrepreneurial activities. Over the period, some regions have actually seen their average income from certain types of activities decreased. Courses for business were the only type of activity out of the six in which all regions were able to make positive growth of income. In comparison to those English regions, the three devolved nations of the UK showed higher levels of income from collaborative research. Northern Ireland could be argued to be the most remarkable region during the last decade in promoting university knowledge exchange activities, as it showed both the largest amount of increase and the highest annual growth rate in four out of the six types of activities. But it is interesting to see that Northern Ireland fell behind its counterparts in improving the income from courses for business, which have become the most important income source for UK universities. A further reflection could be that policy makers in the 12 regions may have undertaken differentiated approaches of prioritising which types of knowledge exchange activities.

Our findings also suggested that more established universities outperformed their younger counterparts in generating income from entrepreneurial activities, demonstrating more active involvement in their missions. The entrepreneurial performance of universities was found to be most closely affected by their institutional than locational characteristics. While we found no significant difference between established universities in competitive and uncompetitive regions in their entrepreneurial activity income, new universities seemed to be negatively impacted when located within weaker regions in their entrepreneurial activities, suggesting that a possible policy intervention may be needed in order to address this issue. Unlike their older counterparts, new universities may be less capable to overcome the disadvantages of being situated within a weaker region where lacks proximate firms in need of university-generated knowledge.

The complexity of the UK higher education sector has been largely absent in innovation policy agenda until recently. Results from our analysis show that both established and new universities are of importance to regional economic development, albeit in different areas and in different ways. Specially tailored policies are required to maximise the potential of universities to contribute to economic development in their various situs that recognise the differences within the broad range of institutions that comprise the sector and thus enable them, irrespective of their age, to contribute more effectively in entrepreneurial activities.

## Track Title: Firm Performance

### Paper Title: The Impact of Entrepreneurial Orientation and Organizational Learning on Lagging Versus Leading Firms

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#### **Aim of the Paper**

This research explores the performance advantages of EO and experimental versus acquisitive learning in firms with a leading technological position in their industries versus those with a lagging position. Two main questions guide our research. First, does EO create advantage for both technology leading and lagging firms? Second, do different learning styles explain performance differences directly and/or act as moderators in the EO-to-performance relationship for technology leading versus lagging firms? We draw on the EO perspective, the resource-based view of the firm and organizational learning theory to address these questions.

#### **Background Literature**

The performance benefits of an entrepreneurial orientation (EO) are well-acknowledged through numerous research studies reporting positive relationships in general between EO and various measures of firm performance. Several studies have explored the role of resources in this relationship, implying that the advantages of an entrepreneurial orientation can vary among firms with different resource levels. These resources can take a variety of forms, and among the most valuable resources is a firm's technological knowledge. To gain and sustain their advantage through such resources, firms will need to build or access these, and renew them over time.

Anderson and Eshima (2013) explain that strategically valuable resources expand the quality and number of opportunities that can be pursued in conjunction with EO, enhancing firm growth. This suggests that technology leaders with EO would exhibit high performance. Lagging firms, on the other hand, may need to rely on strategies like EO to achieve high performance. However, they will not have the foundation of valuable resources in which to achieve this. The first set of hypotheses therefore predicts that EO will be directly linked to performance for leading firms and that this effect will be stronger than for lagging firms.

*H1: For technologically leading firms, entrepreneurial orientation will be positively associated with firm performance; this association will be stronger than for lagging firms.*

Knowledge gained through experimental learning is firm-specific and unique in nature, which makes it rare and difficult for competitors to imitate (Grant & Baden-Fuller, 2004). This type of learning may also be complementary to an entrepreneurial orientation. Innovation, for example, is associated with a high degree of variation and exploration (March, 1991). Risk taking involves trial-and-error learning and tolerance of failure (Covin et al., 2006). Finally, proactive firms take the initiative to search for market opportunities and experiment with changing environmental trends (Miles & Snow, 1978).

The second set of hypotheses proposes that experimental learning will be positively associated with performance, but that the effect is stronger for technological leading firms than for lagging firms. A second prediction positions experimental learning as a moderator in the relationship between EO and performance. Again, this effect is hypothesized to be stronger for leading firms.

*H2a: For technologically leading firms, experimental learning will have a positive direct association with firm performance; this association will be stronger than for lagging firms.*

*H2b: For technologically leading firms, experimental learning will have a positive moderating effect on the relationship between entrepreneurial orientation and firm performance; this moderating effect will be stronger than for lagging firms.*

Acquisitive learning can help lagging firms move beyond their current knowledge boundaries and expand the knowledge they can draw on (Christensen and Raynor, 2003). Since lagging firms have less value proprietary knowledge, acquisitive learning can shorten the time it takes to learn about new technologies (Keil, 2004). Additionally, technologically weaker firms are unlikely to possess the risks of being a source of knowledge spillovers (Alcacer and Chung, 2007).

*H3a: For technologically lagging firms, acquisitive learning will have a positive direct association with firm performance; this association will be stronger than for leading firms.*

*H3b: For technologically lagging firms, acquisitive learning will have a positive moderating effect on the relationship between entrepreneurial orientation and firm performance; this moderating effect will be stronger than for leading firms.*

## **Methodology**

The hypotheses were tested through a survey of 230 Chinese technology companies from more than ten provinces in China. The sample was identified through the ISI Emerging Markets-China Private Manufacturing Company Database. Survey items were developed through existing scale and theory in the literature. The survey was refined and tested through qualitative interviews and a pilot test.

## **Results**

H1 predicted a direct association between EO and performance; this was supported for lagging firms (H1b), but not leading firms (H1a). H2a was supported: experimental learning was positively associated with performance for leading firms (while not significant for laggings). H2b was not supported, showing no moderating effect of experimental learning on the EO/performance relationship; however, a negative moderating effect was found for laggings. H3a was not supported, but H3b was—showing a moderating (but not direct) effect of acquisitive learning for laggings (a negative moderating effect was found for leaders).

## **Implications**

While much research has emphasized the performance advantages of EO, our study suggests that this relationship may differ among firms with leading versus lagging technology positions, and when combined with different learning approaches. The results show that, for technologically leading firms, experimental learning is associated with performance while EO is not. This suggests a resource-based advantage comprising both the possession of valuable resources and actions oriented toward exploration and renewal. This appears to be a more productive approach than relying directly on EO, particularly when combined with an acquisitive learning approach (which serves as a negative moderator for leading firms).

Technology laggings, on the other hand, can gain advantage through EO, and when EO is combined with acquisitive learning. Experimental learning provides little advantage for these firms, however, and appears to be detrimental when accompanying an EO strategy. Laggings have few leading edge technologies and may need to instead rely on EO and combining this strategy with learning from others. Given the Chinese context of this study, these results may offer implications for developing economies that have not yet established themselves as innovators. Our results suggest that technology laggings in these economies can gain advantages through acquisitive learning approaches and EO.