



Edited by

Maura McAdam · James A. Cunningham

Entrepreneurial Behaviour

Individual, Contextual
and Microfoundational
Perspectives

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To Brendan and Bernie—always in my heart (MMcA)
To my beautiful wife Sammi and my wonderful boys Aiden and Riley (JC)

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1

Entrepreneurial Behaviour: A Research Outlook

Maura McAdam and James A. Cunningham

1.1 Introduction

As the domain of entrepreneurship has broadened, increasing attention has been paid to the behavioural aspects of different practices in the pursuit of entrepreneurial opportunities. Within the entrepreneurship field, scholars have focused particular attention on effectuation (see Brettel et al. 2012; Fisher 2012; Sarasvathy 2001) entrepreneurial intent (see Autio et al. 2001; Lüthje and Franke 2003; Schlaegel and Koenig 2014). Entrepreneurial behaviour is a subset of entrepreneurial activities concerned with understanding, predicting and influencing individual behaviour in entrepreneurial settings. Accordingly, entrepreneurial behaviour is

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directly concerned with the understanding, prediction and control of human behaviour in enterprises. Policy makers, institutional supporting agencies and practitioners have a growing interest in how entrepreneurial behaviour influences and shapes the creation and viability of new venture. In established enterprises entrepreneurial behaviour is also necessary in supporting the growth and sustainability. For organisations that are not for profit-focused such as public sector organisations or non-governmental organisations, entrepreneurial behaviour provides a capability that enables such entities to survive in challenging resource environments. Moreover, with a growing interest in entrepreneurial education within the entrepreneurial field and the growth of innovative pedagogical how to influence entrepreneurial behaviour in formal and informal settings as part of core and extracurricular activities is of particular interest and relevance to entrepreneurship educators.

Despite the importance of entrepreneurial behaviour as a construct to understand the process of entrepreneurship extant research is fragmented and lacks a coherent framework to understand how entrepreneurial behaviour is enacted in different contexts and which fully depicts the emerging and evolving nature of research. Bird et al. (2012) argue that in order to understand entrepreneurial behaviour, attention needs to focus on human action in venture creation, development, maintenance and growth. Studies of entrepreneurial behaviour thus focus on the observable actions of individuals (sole founders or team members) usually in the start-up or early stages of an organisation. Behaviour is thus an outcome of the motivation, personality, skills, knowledge, experience and abilities of entrepreneurs with these attributes externalised through action.

1.2 The Need for a Contextual Approach

Critical to our understanding of entrepreneurial behaviour are both individual characteristics and micro-foundational issues and situational or contextual factors (Reynolds 1992; Hills and Singh 2004; Senyard et al. 2009). This is largely due to the fact that under the same situational circumstances, not all individuals will behave identically. Thus, individual

and contextual differences constitute an integral part of entrepreneurship research (Johnson 1990; Hisrich et al. 2007; Frese 2009), central to the stimulation of entrepreneurial activity. Indeed, prior research on entrepreneurial venturing, despite its limitations, demonstrates that characteristics of the individual and characteristics of the situation matter, a view consistent with Reynolds (1992). A closely aligned issue to entrepreneurial behaviour is effectuation.

Effectuation, as an espoused logic of thinking which shapes decision making and behaviour, has attracted growing interest within the field of entrepreneurship (Baron 2009; Dew and Sarasvathy 2007; Dew et al. 2009, 2011; Read et al. 2009; Sarasvathy 2001, 2004; Sarasvathy and Dew 2005; Wiltbank et al. 2006, 2009). Sarasvathy and Dew (2005: 390) define effectuation as: 'to the extent we can control the future, we do not need to predict it' and is presented as an inverse to causation and its underpinning logic that 'to the extent we can predict the future we can control it'. At the core of an effectual approach is the idea that action to create value is directed by the transformation of means that are readily available rather than idealised future goals (Harmeling 2011). These means are cultivated from ones' current context and constitute an individual's traits, attributes, tastes, values, preferences, passions, interests, prior knowledge, education, experience, expertise, contacts and the contacts of contacts. The means held are idiosyncratic to a given individual and constantly evolving. Due to its flexible and adaptive emphasis, effectuation is considered intuitive and useful in dynamic and non-linear environments when the immediate future is highly uncertain and precise objectives are unknown (Bridge and O'Neill 2012; Dew et al. 2011; Sarasvathy 2001). In such situations, the strategic principles of prediction and control commonly associated with causation would be unfeasible and inappropriate (Read et al. 2009). Conversely causation is more apt in situations where goals are not ambiguous and there is certainty about how the future might unfold. It can be deemed that the use of effectual logic alone is not conducive to successfully realising value creation (Read et al. 2009) and the onus should be on the individual to adopt an approach most suited to the task at hand and the contextual setting (Bridge and O'Neill 2012).

1.3 Book Structure

This book brings together a collection of chapters from key influencers in the field of entrepreneurship and other related fields that explores, discusses and analyses two key strands of contemporary research in entrepreneurial behaviour: individual and contextual as well as micro-foundational issues. To achieve this, the contributors first focus on the entrepreneur as an individual and offer innovative yet complementary approaches to entrepreneurial behaviour, intentions and self-efficacy. They explore, interrogate and debate how entrepreneurial behaviour can be trained and learned, providing a much-needed theoretical anchor to pedagogical approaches in entrepreneurship. Accordingly, the microfoundations explicating the underlying theoretical foundations of the origins of individual entrepreneurial behaviour and action are unpacked. Building on this, illustrative contextual examples are then provided to demonstrate the manifestation of entrepreneurial behaviours at the contextual level. In structuring the chapter contribution our first theme focuses on emerging themes that provide diverse and challenging perspectives that further our understanding of entrepreneurial behaviour. Our second and third themes explore entrepreneurial behaviour in university and firm contexts. Our final theme examines entrepreneurial behaviour and society. This exploration of entrepreneurial behaviour in non-traditional context further extends our understanding, provides new insights and perspectives.

Chapter 2 commences with an investigation into entrepreneurial intent as an understanding of entrepreneurial intentions is critical to our understanding of entrepreneurial behaviour (Krueger 2017), because without intention there is little reason to expect action (Lee and Wong 2004). Critical to both our understanding of intentions and resultant behaviour is the microfoundations on which these intentions are grounded, with one such microfoundation being normative gendered ascriptions. Chapter 3 takes a critical perspective whilst reviewing the narrative of gender and entrepreneurship and in so doing noting the shift from a gender as a variable approach and associated assumptions of female deficit. Additionally, gender differences in the perception of the entrepreneurial environment and the impact of such on entrepreneurial behaviours will be explored. In recent years, there has been increasing

attention paid to the darker side to entrepreneurship, with illegal and criminal entrepreneurship now considered valid manifestations of entrepreneurial behaviour (Rehn and Taalas 2004). Chapter 4 is concerned with entrepreneurial behaviours that manifest at the 'margins of entrepreneurship' and consequently focuses on 'crimino-entrepreneurial behaviour' which spans two disparate human efficacies, namely, crime and entrepreneurship. Within this chapter, a behavioural matrix is provided in order to address the theoretical paucity in relation to this area within the entrepreneurial behavioural domain. The matrix illustrates the multi-disciplinary theoretical complexity of such entrepreneurial behaviour present within the paradigm and the flexibility of the matrix as an investigative tool. In Chap. 5, entrepreneurship behaviour is redefined in light of effectuation, an emergent theory of entrepreneurship, which is then applied to understand entrepreneurial team formation process. This chapter argues that despite the focus on extant literature on individual entrepreneurial behaviour, the overwhelming majority of new ventures are in fact started by entrepreneurial teams. Team formation is thus conceptualised as independent of the immediate creation of a new venture and as one possible outcome of actions and interactions undertaken by aspiring entrepreneurs.

Chapter 6 explores the role of entrepreneurial education in shaping entrepreneurial behaviour through its focus on start-up competitions which are often provided by Higher Education Institutions (HEIs) as a means of stimulating and supporting nascent entrepreneurial behaviour amongst their students, graduates and staff. Recognising that there has been limited attention to date on what constitutes start-up competition provision in practice, this chapter offers a timely exploration of the features of this provision in a UK context. This chapter raises some fundamental questions about how HEIs provide a supportive environment that enables entrepreneurial behaviour to flourish. Building on this, Chap. 7 explores how entrepreneurial behaviour relates to academic entrepreneurship. In particular, it is argued that external government-funded programmes, in the form of macro-level grand challenges, aimed at generating greater entrepreneurial behaviours among academic scientists remain underexplored in comparison to other key meso- and micro-level determinants and challenges such as scientists' motives/incentives, pro-

professional role identity, social environment, support structures and their individual attributes and competencies. Although the adoption of entrepreneurial behaviours and activities by large corporations is increasingly receiving attention by scholars, the domain is still somewhat fragmented (Antonicic and Hisrich 2003). Therefore, it is paramount that discussions are encouraged in order to facilitate a more nuanced understanding of the process of corporate entrepreneurship. Accordingly, Chap. 8 considers subsidiary entrepreneurship, which relies on key individuals within organisations prioritising their attention to building linkages for accessing knowledge and entrepreneurial opportunities (Cano-Kollmann et al. 2016; Schotter and Beamish 2011). By taking a micro-foundational approach, this chapter proposes a typology of subsidiary manager's attentional engagement in key boundary spanning strategic activities. In so doing, the chapter indicates the key implications for our understanding of individual entrepreneurial behaviour in the specific context of subsidiary manager horizontal boundary spanning activities both inside and outside the firm. Chapter 9 examines the affective microfoundations of entrepreneurial cognition and its impact on behaviour. Starting with recent research on mental health and entrepreneurship, the chapter critically explores a number of perspectives to facilitate an understanding of the affective drivers shaping entrepreneurial behaviour. Specifically, fear is discussed as an operational example and the importance of attention is emphasised. Within the extant body of literature, little is known as to how transgenerational entrepreneurial families develop entrepreneurial mind-sets in order to create value across generations. Chapter 10 contends that the family ownership group and resultant transgenerational entrepreneurial learning are critical in the development of entrepreneurial behaviour. Accordingly, this chapter aims to explore the role of the family ownership group in entrepreneurial behaviour by examining the entrepreneurial learning process in a transgenerational entrepreneurial family. Despite an increasing interest in artisan entrepreneurship, which involves the marketing of creative assets in which manual techniques take precedence and emphasises the close link between products and a specific place or tradition, there is limited research on how entrepreneurial behaviour manifests within this particular domain of contemporary entrepreneurship. Chapter 11 provides an overview of such behaviour at

three different levels of analysis, namely, macro, meso and micro. Although entrepreneurial phenomena aimed at economic development has received a significant amount of scholarly attention, entrepreneurship as a process to foster social progress has increasingly attracted the attention of academic researchers interested in investigating the manifestation of entrepreneurial behaviour and practices within the context of social rather than for personal or a profit gain. This attention is reflected in Chap. 12 that challenges and argues that social entrepreneurship is a socially constructed concept. Drawing on evidence of social enterprises from the UK, Germany and Cyprus, the chapter provides diverse comparisons that highlight how different geographic, institutional and cultural environments shape and influence entrepreneurial behaviours of social entrepreneurs. Building on this, minority entrepreneurship refers to entrepreneurship that is associated with distinctive individual circumstances and contexts. Accordingly, Chap. 13 explores immigrant, people with disability, youth, gay and unemployed communities in order to ascertain as to how their entrepreneurial behaviour might differ from the practices of mainstream entrepreneurs. Appreciating the differences in how entrepreneurial behaviour manifests in different minority or disadvantaged communities will result in a more nuanced understanding regarding the unique challenges that entrepreneurs from such communities might endure.

1.4 Future Research Directions: Where to Next?

Within the entrepreneurship and related fields there is a need for further theoretical contributions and empirical studies of entrepreneurial behaviours. Advancing research in entrepreneurial behaviour is central to understanding how entrepreneurs create, develop, maintain and grow new organisations. It is also essential that entrepreneurial behaviour research is not just confined to more traditional and well-researched individuals such as nascent entrepreneurs or contexts. The ground-breaking chapter contributions and the diversity of perspectives illustrate the richness and unexplored nature of entrepreneurial behaviour as well as the

Table 1.1 Individual, contextual and micro-foundational themes in entrepreneurial behaviour and research agenda

Theme	Description	Illustrative future research questions for entrepreneurial behaviour
Entrepreneurial behaviour and emerging themes	Advancing the entrepreneurship behaviour domain by enhancing understanding of the connections between entrepreneurial intent, identities and contexts	<p>How does immediate local physical contexts, such as the physical design of an incubator/accelerator/co-working space and the development of network 'bridging' programmes within such spaces influence entrepreneurial intentions and behaviours?</p> <p>How does long-held intent differ from 'in the moment' intent (in the context, e.g. of improvised entrepreneurship)?</p> <p>How do masculinity and LGBTQ+ articulations of gender shape entrepreneurial behaviours and activities?</p> <p>What boundary conditions and environment factors such as industry dynamism shape the team formation process and their subsequent entrepreneurial team behaviour?</p> <p>What internal and external factors determine the team's choice to adjust its member composition in relation to effectual and causal logics and the subsequent impact of this on entrepreneurial team behaviour?</p> <p>What are the key visual signs and behavioural cues from which one can make inferences from and therefore predict future entrepreneurial and crimo-entrepreneurial behaviours based on a profiling of past behaviours and visual data?</p>
Entrepreneurial behaviour and universities	Advancing the entrepreneurship behaviour domain by exploring the microfoundations of the entrepreneurial intentions of students and academics	<p>On what basis are competition-based entrepreneurship support and education programmes promoted as conducive to the increased quantity and quality of nascent entrepreneurial behaviour?</p> <p>Does being judged as having the 'best idea' and successful in attaining a prize award through such a process increase the propensity to continue pursuit of entrepreneurial activity?</p> <p>To what extent would the incorporation of agility and fast failures into publicly funded science programmes generate greater entrepreneurial behaviour amongst academic scientists?</p> <p>How does context (i.e. geographical and cultural) influence the degree to which entrepreneurial behaviour manifests amongst academic scientists?</p>

<p>Entrepreneurial behaviour and firms</p>	<p>Advancing the entrepreneurship behaviour domain by considering how the microfoundations of entrepreneurial behaviour shape and inform behaviour at the organisational level</p>	<p>In what ways can managers engage in entrepreneurial behaviour whilst balancing the conflicting dilemmas within large international organisations? What entrepreneurial activities outside the normal boundaries of the firm facilitate the legitimisation of the entrepreneurial behaviour of individual middle managers within organisations? What are the different ways in which affective dissonance can impact entrepreneurial behaviour? What is the relationship between negative emotion and anticipated affect and how does this impact of subsequent entrepreneurial behaviour? To what extent are the processes within family firms bi-directional and multi-generational, involving multiple forms of co-participative behaviours from members of the family? How can artisan entrepreneurs maintain their artisan identity and brand image while pursuing commercial interests and profitable opportunities? How do artisan entrepreneurs engage with peer firms and supporting organisations, and what differences emerge in their networking behaviour? How do limitations and competing requirements in the institutional framework affect artisan entrepreneur's behaviour?</p>
<p>Entrepreneurial behaviour and society</p>	<p>Advancing the entrepreneurship behaviour domain by challenging societal expectations associated with normative entrepreneurial behaviour</p>	<p>How does context (i.e. geographical, cultural and institutional) influence the degree to which entrepreneurial behaviour manifests amongst social entrepreneurs? How does gender shape social entrepreneurial behaviours and activities? What is the relationship between the social entrepreneurial mind-set and subsequent entrepreneurial behaviour? What impact does prejudice have on the manifestation of entrepreneurial behaviour? In what way does the articulation of marginalisation shape entrepreneurial behaviours and activities? How do other markers of differences intersect and shape disadvantaged and minority groups' engagement with entrepreneurial behaviour?</p>

significant research opportunities that lay ahead. Therefore, it is anticipated that researchers will benefit from having a comprehensive collection of ground-breaking chapters that address different aspects of entrepreneurial behaviour that can be used as a reference source and a guide to future research in this domain. In considering how to extend research in the area of entrepreneurial behaviour, it is helpful to situate this in the context of the four themes outlined in this book. In so doing, our research agenda for entrepreneurial behaviour (Table 1.1) acknowledges and categorises contributions to theory made by each of the 12 chapters through the identification of illustrative future research questions.

1.5 Concluding Thoughts

Entrepreneurial behaviour can further advance our understanding of individual behaviours within and beyond the entrepreneurship field and context. To further advance entrepreneurial behaviour there is a need for a coherent body of empirical evidence and well rooted theoretical perspectives that can be extended in other less researched entrepreneurial and geographical settings. As entrepreneurial behaviour is concerned with understanding, predicting and influencing individual behaviour in entrepreneurial settings, further studies should take a multi-disciplinary perspective to yield the significant advances that are necessary. It also requires innovative methodological approaches particularly with respect to the predication and content dimensions of entrepreneurial behaviour. Moreover, a fundamental research challenge and question centres on the antecedent factors that shape entrepreneurial behaviour. To address this research question in a robust manner, this requires large-scale cross-country studies that provide the advances in knowledge that can shape organisational approaches to actually enable entrepreneurial behaviour. Furthermore, there is a necessity to develop more applied tools that enables individuals to better understand their own entrepreneurial behaviour. Such advances can potentially be very empowering for individuals irrespective of context.

This innovative and ground-breaking book explores contemporary research in entrepreneurial behaviour from an individual, contextual and micro-foundational perspective. Such an approach is necessary in order to advance theorising within this important area of entrepreneurship. In addition to acknowledging entrepreneurial behaviour at the micro-level, the microfoundations of individual entrepreneurial behaviour and action are also explored. Moreover, illustrative examples are provided which demonstrate the manifestation of entrepreneurial behaviours at the contextual level. This chapter concludes with the provision of a future research agenda including illustrative research questions.

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Part I

Entrepreneurial Behaviour and Emerging Themes



2

Entrepreneurial Intentions and Entrepreneurial Behaviour

Colm O’Gorman

2.1 Introduction

Intent is of interest to entrepreneurship scholars interested in entrepreneurial behaviour because intent of a purposive behaviour may be an antecedent to that behaviour. As Krueger et al. state, ‘the lens provided by intentions affords [entrepreneurs and those who teach and train] the opportunity to understand why they made certain choices in their vision of the new venture’ (2000, p. 412). Intent, it is argued in the literature, is a precursor to the range of purposive behaviours associated with starting a business, such as resource mobilisation, legitimacy building, team formation, search, planning, and pivoting.

An understanding of entrepreneurial intent is important to many of the questions core to the domain of entrepreneurship and is of interest to

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scholars, policy makers, and students of entrepreneurship for the following reasons:

- Intent may explain why individuals engage in entrepreneurial behaviour;
- Intent may explain the decision to start a business (Baron 2004);
- Intent may be important in understanding the entrepreneurship process as it helps explain how individuals act on new venture ideas and the entrepreneurial behaviours engaged in during the venture creation process;
- Entrepreneurial education may positively or negatively influence the entrepreneurial intent of students; and
- Intentions are seen as a precursor to entrepreneurial actions and therefore are important to understanding the extent and nature of entrepreneurship within local, regional, and national contexts.

This chapter reviews selected aspects of the literature on entrepreneurial intent as an antecedent of, and explanation for, entrepreneurial behaviours such as business start-ups. The first section explores definitional issues—asking ‘what is entrepreneurial intent?’ and ‘why is intent important to understanding entrepreneurial behaviour?’ Given the importance of intent as an antecedent of entrepreneurial behaviour, the second section explores if and how entrepreneurial education influences entrepreneurial intent and entrepreneurial behaviour. The third section provides the theoretical foundation for why intent is central to understanding entrepreneurial behaviour. It explores the seminal theories and models that underpin intention research in entrepreneurship, including a focus on why theoretically and empirically Ajzen’s theory of planned behaviour and Shapero and Sokol’s model of the entrepreneurial event can be integrated into an explanation of how intent relates to behaviour. While these models dominate the field, alternative theoretical approaches are briefly outlined. The next section explores research that focusses on how specific situational factors and psychological traits might influence entrepreneurial intent and behaviour. The final section explores some limitations to existing research, outlining some directions for future research.

2.2 What Is Entrepreneurial Intent?

Explaining the antecedents to entrepreneurial activity is a core question in the entrepreneurship domain. One approach is to study those individuals who intend to start new enterprises. For many authors the term intent is used in the sense of a ‘conscious and planned resolve that drives actions necessary to launch a business’ (Thompson 2009, p. 671), with intentionality defined ‘as a state of mind directing a person’s attention (and therefore experience and action) toward a specific object (goal) or a path in order to achieve something (means)’ (Bird 1988, p. 442) or as ‘state of mind that directs and guides the actions of the entrepreneur toward the development and implementation of the business concept’ (Boyd and Vozikis 1994, p. 64). The Oxford English Dictionary defines intent as a noun [intent], ‘intention or purpose’, and as an adjective [intent on/upon], ‘determined to do (something), and [of a look or expression] ‘showing earnest and eager attention’.

However, as noted by Thompson, there is ambiguity in how the term is used: with a continuum of meanings with, at the one end ‘those who merely have entrepreneurial dispositions, and, at the other end, those who are taking concrete actions formally and reasonably imminently to possibly set up a new firm’ (2009, p. 674). Ajzen and Fishbein (1980) distinguish between two types of intentionality—those that are conditional and those that are unconditional. Statements of conditional intent identify under what conditions an individual may have intent (if ‘x’ occurs, I would intend to do ‘y’). The variation in definitions means that there is no one uniform measure of entrepreneurial intent and that it is difficult to identify how intent relates to actual entrepreneurial behaviours.

Thompson proposed his own definition of intent as ‘a self-acknowledged conviction by a person that they intend to set up a new business venture and consciously plan to do so at some point in the future’ (2009, p. 676). Thompson (2009) provides a review of scales used to measure intent, while proposing their own ‘practically efficient’ multi-item metric (2009, p. 687)—what he labels as the Individual Entrepreneurial Intent Scale (IEIS). IEIS measures intent using a continuous rather than a categorical measurement approach, as Thompson argues that individuals can have varying degrees of intent rather than a simple binary yes/no.

As entrepreneurial behaviour is a planned action by individuals, the literature suggests that intent is a good predictor of activity (Krueger et al. 2000; Thompson 2009). Models of intent include Ajzen’s (1985, 1991) theory of planned behaviour (TPB), Shapero and Sokol’s (1982) model of the entrepreneurial event (EEM), and McMullen and Shepherd’s (2006) model of entrepreneurial action. Central to these models are an individual’s perceptions of feasibility and desirability. Therefore understanding the antecedents to intent is a necessary precondition to understanding both the decision to start a new business and the behaviours of entrepreneurs, as well as to identifying policies that can influence individuals towards new business creation. However, behavioural intentions do not always lead to actual behaviour, and the study of intent is not without its critics. Thompson states that ‘analysing why some individuals set up firms while others do not has been characterized as “one of the most persistent and largely fruitless endeavours we have engaged in as entrepreneurship scholars” (Sarasvathy 2004, p. 708)’ (2009, p. 688).

In contrast, Krueger (2007) and Krueger et al. (2000) have strongly emphasised the importance of intentionality in the entrepreneurial process. Krueger’s arguments include individuals engagement in entrepreneurship intentionally, as a result of choice (2007); that there is strong evidence from the psychological literature that ‘intentions have proven the best predictor of planned behaviour, particularly when that behaviour is rare, hard to observe, or involves unpredictable time lags’ (Krueger et al. 2000, p. 411); that perceived desirability and perceived feasibility are a parsimonious representation of the antecedents to intent (Krueger and Brazeal 1994); that entrepreneurial intentions precede the search for business opportunities (Krueger 1993); and how individuals’ cognitively process prior experiences influences entrepreneurial intent (Krueger et al. 2000).

2.3 Inciting Entrepreneurial Intent and Behaviour Through Entrepreneurial Education

Enterprise education has multiple objectives, including the development of entrepreneurial intent, which will lead to entrepreneurial behaviour (Hytti and O’Gorman 2004). As such, researchers in entrepreneurship

education have explored how education interventions may lead to a change in the entrepreneurial intent of students/participants as they assume that increased intent developed in entrepreneurship education will translate to increased entrepreneurial behaviour during and post the entrepreneurial education intervention (Nabi et al. 2017). Entrepreneurship education may support a range of entrepreneurial behaviours and outcomes, including enhanced venture skills, knowledge and attitudes (Greene and Saridakis 2008), changes (both positive and negative) in entrepreneurial attitudes and intent (Nabi et al. 2016), and business start-ups by graduates (Greene et al. 2004).

However, as Nabi et al. (2017) show, most research in this domain focusses on impacts that are short-term and subjective, such as changes in attitudes, skills and knowledge, perceived feasibility, and entrepreneurial intentions. In summary Nabi et al. (2017) argue that research is over-focussed on short-term outcomes such as entrepreneurial intentions, at the expense of research that explores longer-term entrepreneurial behaviours, such as business start-ups, survival, and economic impact. Nabi et al. (2017) restate the calls from previous reviews for more research on the impact of entrepreneurship education on entrepreneurial behaviours. They also specifically call out for more research that focusses on the 'intention-to-behaviour' transition, which should provide insights into why students who develop high entrepreneurial intention do not engage in behaviours such as start-ups after graduating (Nabi et al. 2017).

Demonstrating the impact of entrepreneurial education on entrepreneurial behaviours is difficult, not least because of potential time lags that may be involved. A meta-analysis of research that focusses on the impact of entrepreneurial education on entrepreneurial intentions suggests that there is a significant, but small, correlation between entrepreneurial education and entrepreneurial intentions, however when student pre-course (intervention) entrepreneurial intentions are controlled for, entrepreneurship education is not correlated with a statistically significant increase in intentions (Bae et al. 2014; Fayolle and Gailly 2008). As Nabi et al. argue, the existing research base does not sufficiently explore what pedagogical methods might be associated with specific impacts, though they do suggest that entrepreneurial behaviours such as actual start-ups are associated with 'deeper, more experiential pedagogies' (2017, p. 292).

In addition to research that considers whether education impacts intent, there are a number of studies on entrepreneurial intent that draw on student samples (e.g. Fitzsimmons and Douglas 2011; Liñán et al. 2011). These studies do not focus on the role of education but rather draw on students as an accessible sample. Fayolle and Liñán (2014) identify a range of questions that might further explore if, and how, types of education, educators, and pedagogy influences entrepreneurial intent of students across a range of education levels.

2.4 Theories of Entrepreneurial Intent

Within entrepreneurship literature studies that focus on intent trace their roots to papers by Shapero (1984) and Shapero and Sokol (1982) and to the theory of planned behaviour (TPB) (Ajzen 1991). Ajzen’s TPB is one of, if not the most frequently cited theory in the context of entrepreneurial intent research. The underlying theory for understanding entrepreneurial intent is that intent is an outcome of an individual’s perceptions of the desirability of an action and the individual’s assessment of the feasibility of the actions (Shapero and Sokol 1982; Krueger et al. 2000; McMullen and Shepherd 2006). That is, intentions predict behaviour, with specific attitudes predicting intention. More recently, alternative theories have been used in the study of entrepreneurial intent, as the range of contexts and questions within the domain have expanded.

In Shapero and Sokol’s (1982) model of the entrepreneurial event (EEM), entrepreneurial intentions are the result of (i) an individual’s perceptions of desirability and perceptions of feasibility, and (ii) an individual’s propensity to act upon opportunities. In EEM perceived desirability is defined as the attractiveness of starting a business, perceived feasibility as the degree to which the individual feels capable of starting a business, and propensity to act as the personal disposition to act on one’s decisions (Iakovleva and Kolvereid 2009). Shapero and Sokol focus on entrepreneurship as an event. The event is influenced by a range of factors, including social, situational, and individual. The entrepreneurial event comprises five characteristics: initiative-taking, consolidation of resources, management of the organisation, relative autonomy, and risk-

taking. Shapero and Sokol draw attention to how negative information, events, or displacements often lead to entrepreneurial activity. In summary, the EEM argues that entrepreneurial intentions depend on perceptions of personal desirability, feasibility, and propensity to act or as Shapero and Sokol state: ‘the particular action taken depends upon (1) perceptions of desirability (values), and (2) perceptions of feasibility’ (1982).

The importance of intentions to understanding entrepreneurship research was further advanced with the work of Bird (1988). Bird focussed on the factors that create intentionality, relating rational analytical cause-effect thinking and intuitive holistic contextual thinking to intentionality (both of which are influenced by broader contextual factors and the individual’s own personal history, personality and abilities). For Bird intentionality matters because ‘entrepreneurs’ intentions guide their goal setting, communication, commitment, organization, and other kinds of work’ (1988, p. 442). Her process model of intentionality focusses on understanding how three ‘intrapyschic activities’ of creating and maintaining a temporal tension, sustaining a strategic focus, and developing a strategic posture can be used to gain deeper insights into the ‘creative process of venture development’ (p. 451).

In contrast to Shapero’s model, Ajzen argues that intentions in general depend on perceptions of personal attractiveness, social norms, and feasibility. Ajzen’s theory of planned behaviour (1985, 1991) is the most used theory in studies of entrepreneurial intent. The model argues that behaviour is the outcome of intent. Three factors are important to intent—attitude, subjective norm, and perceived behavioural control. Attitude refers to whether an individual evaluates the behaviour as positive. Subjective norm refers to whether an individual thinks others, ‘significant others’ specifically, wants them to perform the behaviour. Perceived behavioural control refers to whether an individual is confident that they are capable of performing a behaviour successfully. Perceived behavioural control comprises two factors, self-efficacy and controllability (the influence of outside, uncontrollable, factors). It has been suggested that an internal locus of control reduces the impact of social norms (Bagozzi 1992), though the review by Schlaegel and Koenig (2014) suggests that the influence of locus of control may not be as important as other factors.

Ajzen and Fishbein provide an integrated account and development of TPB in their 2010 reasoned action approach (Fishbein and Ajzen 2011). The extended model holds the relationship between attitude, subjective norm, and perceived behavioural control and intent, introducing actual control as a possible influence of how intent impacts behaviour. While the TPB remains dominant in entrepreneurship research that explores intentions, the model, and its development, reasoned action approach, are subject to a number of on-going questions; not least the question of the extent that intent explains actual behaviour.

McMullen and Shepherd’s (2006) model of entrepreneurial action argues that entrepreneurial activity is a two stage process: an attention stage and an evaluation stage; with the evaluation stage conceptualised as an assessment of feasibility and an assessment of desirability. In these models, perceived desirability is a measure of an individual’s perception of the personal attractiveness of starting a business (Shapero and Sokol 1982); with the desirability of performing a behaviour depending on the individual’s attitude to the outcome and on their perceptions of social norms (Ajzen 1991). Perceived feasibility is ‘the degree to which one feels personally capable of starting a business’ may be an important determinant of entrepreneurial intent’ (Shapero and Sokol 1982). Research suggests that perceptions of one’s own skills relating to starting a business are highly correlated to the decision to start a new business (Arenius and Minniti 2005).

There are a number of alternative perspectives to TPB and EEM within the literature. One is Regulatory Fit Theory (RFT). RFT examines how a particular stimulus, which may be either a positive or negative, influences the intensity of future goal pursuits (Higgins 2000). Higgins classifies the self-regulatory systems of individuals into those that are promotion focussed—focussed on attaining gains and those that are prevention focussed—focussed on minimising losses (1998, 2000). The entrepreneurial process is typically understood to be a promotion-focussed goal pursuit (Brockner et al. 2004), and therefore Regulatory Fit Theory suggests that individuals with promotion-focussed self-regulatory systems may respond to specific stimulus (such as education, successful role models) with increased intensity of intent. RFT has been used by Johnson et al. (2015) and by Simmons et al. (2016).

A second alternative theoretical approach is Social Cognitive Career Theory (SCCT). SCCT includes four models that focus on interest development, career choice, performance attainment, and well-being (educational and work satisfaction) in a career domain (Lent et al. 1994; Lent and Brown 2017). These models highlight the interplay of cognitive, personality, affective, and environmental variables in understanding complex behaviour (Sheu and Bordon 2017). A number of studies have used SCCT that have focussed on entrepreneurial intent in the context of entrepreneurship education (see, e.g. Segal et al. 2002; Kassean et al. 2015).

To summarise, the theories and research that underpin the study of entrepreneurial intent highlight why entrepreneurial intent is important to understanding the behaviours of entrepreneurs. As entrepreneurial behaviour is generally a purposive activity, intent matters. However, while there is an extensive range of behaviours involved in starting a business (e.g. team formation, pivoting, resource mobilisation), the entrepreneurial intent literature has focussed on the role of intent in explaining a narrow range of entrepreneurial behaviours such as starting of a business.

2.4.1 TPB and EEM: Competing or Complementary Theories?

Krueger et al. review the two core models of intentionality in entrepreneurship research, measuring intent with the questions: ‘Estimate the probability you’ll start your own business in the next 5 years?’ (2000, p. 421). Krueger et al. conclude that ‘both of these two intention-based models offer researchers a valuable tool for understanding the process of organizational emergence’ (2000, p. 424). Recognising that TPB and EEM overlap, Schlaegel and Koenig (2014) conducted a meta-review of studies using the competing models (TPB and EEM), and an integrated model that they propose, building on prior studies (Guerrero et al. 2008; Krueger and Brazeal 1994; Van Gelderen et al. 2008). Their proposed integrated model sets out how intent is the outcome of perceived desirability and perceived feasibility (EEM), which in turn are outcomes of specific elements of the TPB. All aspects of the TPB influence per-

ceived desirability, while just entrepreneurial self-efficacy and perceived behavioural control influence perceived feasibility.

Exploring the findings from 98 studies (123 samples, with an aggregated total sample size of 114,007), Schlaegel and Koenig report that the different determinants in the two theories (TPB and EEM) have a positive effect on entrepreneurial intentions (2014). Contextualising their findings they note that ‘the effect sizes for the determinants of the two theories are substantially greater than the direct effects of entrepreneurship education (Martin et al. 2013) and personality traits on entrepreneurial intent (EI) (Zhao et al. 2010) and comparable with the direct influence of risk propensity on EI (Zhao et al. 2010)’ (2015, p. 317). They call for a deeper exploration of contingent and contextual factors (Schlaegel and Koenig 2014).

The implications of these reviews for entrepreneurial behaviour are that intent, while important, can only be part of any explanation of entrepreneurial behaviours such as starting a business. While the core theoretical assumption that intent must be a precursor to action, or that put differently, the purposive entrepreneurial behaviour of starting a business is preceded by intent, not all entrepreneurial intent results in entrepreneurial behaviour—the so-called exploration of the intention-action gap (Van Gelderen et al. 2015). As noted below, research that focusses on the intent to behaviour link suggests that the predictive power of intent is weak (Katz 1990).

2.5 Contextual, Situational, and Psychological Traits as Determinants of Entrepreneurial Intent

While the TPB and the EEM provide explanations for intent, both theories recognise that other factors are important to understanding entrepreneurship behaviour. These include factors such as an individual’s personality (i.e. specific traits); their social context, such as role models, friends, family; specific life experiences, including those within the formal education system, and work experience; and aspects of the context, including aspects of spatial, temporal, social, and regulatory factors. However, the TPB and the EEM argue that these other factors are impor-

tant because they influence aspects of the TPB and the EEM, such as influencing perceptions of perceived desirability and feasibility.

More generally, research suggests that personality influences entrepreneurial activity and as such may influence entrepreneurial intent (Crant 1996). For example, Rauch and Frese's meta-analysis (2007) of the influence of personality factors on intent concluded that the 'Big Five' personality traits are related to entrepreneurship activity (the five traits are extraversion, conscientiousness, agreeableness, openness to experience, and neuroticism). Relatedly, Obschonka et al. find that personality is relevant to entrepreneurship but they argue that personality and earlier competence are related and that 'an early form of entrepreneurial activity in adolescence predicted the intention to engage in "real" entrepreneurship (e.g. founding a firm) in adulthood' (2010, p. 69). Douglas and Shepherd find that factors such as tolerance for risk and preference for decision-making autonomy are associated with higher intention towards self-employment (2002).

Entrepreneurial intent is influenced by both formal and informal institutional factors (North 1990). Informal institutional factors emphasise the importance of external socio-cultural factors to the entrepreneurial process. Informal institutional factors matter because they may influence an individual's assessment of both the desirability and the feasibility of entrepreneurship, and such subjective individual perceptions impact entrepreneurial activity (Koellinger et al. 2007). By way of example, one important informal institutional factor in the context of entrepreneurship is role models (Lafuente et al. 2007). Role models might be important to an individual's perceptions of the desirability of starting a new business (Shapero and Sokol 1982); to perceptions of feasibility, as knowing an entrepreneur might help an individual to understand the resources, skills, and efforts required to start a new business (Lafuente et al. 2007); and having a role model influences entrepreneurial intentions (Scherer et al. 1989). In shaping intent role models may compensate for the absence of other factors in an individual's experiences (Bosma et al. 2012), as an individual's prior experiences, such as their career pathways and prior start-up experience, may be important determinants of perceptions of desirability and feasibility, and therefore of intent. However, prior experiences may also influence the dimensions of a role model that

an individual sees as appropriate; with increasing experience leading individuals to view role models in terms of specific, rather than generic, attributes (Gibson 2004). Research on the influence of prior experience and role models on entrepreneurial intent and activity suggests that role models compensate for a lack of prior experience (Bosma et al. 2012). An alternative argument from the literature on role models is that prior career experience can strengthen the impact of role models (Gibson 2004).

Organisational factors may influence intent. Consider two alternative situations—a work environment that supports innovation, creativity, and personal development, promoting for some employees a sense of job satisfaction and, in contrast, a work environment that stifles innovation and creativity, leading to a low sense of job satisfaction. Is one of these contexts associated with increased entrepreneurial activity (e.g. spin-outs) or do both of these contexts increase entrepreneurial intent? An organisational context might provide access to information that signals opportunities; might build self-efficacy by providing opportunities in specific organisational roles (e.g. customer facing roles) or across a range of roles; and might facilitate the development of networks, both within the organisation (possible co-founders) and external to the organisation (access to resource providers, such as customers) (Audia and Rider 2005). In contrast, a work context that discourages innovation may also be associated for some with increased entrepreneurial intent. Perhaps counter-intuitively, Lee et al.’s (2011) study of IT professionals in Singapore finds support for the argument that organisational contexts characterised by unfavourable innovation climate and/or a lack of incentives that promote technical expertise lead to low job satisfaction, and this is associated with increased levels of entrepreneurial intent (2001). The impact of such organisational conditions is stronger for employees with higher levels of self-efficacy (self-confidence in their job skills).

Adopting a different perspective, the work of Klepper (2001) suggests that organisational context matters to intent to leave a business. Klepper focusses on the evolution of industries (including a focus on the role of spin-offs), suggesting that a firm’s pre-entry experience critically shapes its competence, which in turn influences its competitiveness (Curran et al. 2016). Klepper and colleagues, and subsequent work

using a similar methodology of drawing on theories of industry evolution, categorise a number of triggering factors. These include opportunity (Klepper and Thompson 2010), necessity (Buenstorf and Fornahl 2009), and opportunistic (Curran et al. 2016). Klepper and Thompson (2010) specifically include 'strategic disagreement' as a trigger to entrepreneurship, where employees choose to resign from the incumbent firm and establish new firms in the same industry due to a disagreement about the future of the parent firm, or disagreement about the value of an idea within the parent firm.

Simmons et al. (2016) explore the impact of business exits on future entrepreneurial intent, given the conflicting prior research on how prior failure and exit may have on subsequent entrepreneurship. They conclude by arguing that the cognitive lenses—promotion- or prevention-focussed cognition disposition—used by entrepreneurs to process their business exits play an important role in intent to pursue subsequent entrepreneurship (2016).

2.6 Future Research

Intent can be considered an alternative approach to studying behaviour—alternative to what Bird (1988) referred to as the entrepreneurial traits approach and the context (prior experiences, markets, etc.) approach, and alternative to what Krueger et al. (2000) referred to as the situational (e.g. informational cues, employment) approach and the individual (including personality characteristics and demographic characteristics) approach. While explaining variation in intent across individuals has remained a core focus to intent-based research, of perhaps more importance is the exploration of how intent impacts behaviour in the context of a process model of entrepreneurship. The lack of predictive power of intent on entrepreneurship behaviour has been a long-standing challenge for intent researchers (Katz 1990).

While intent may be a precursor to action, it is possible to consider two other possible scenarios—action absent intent and intent that does not result in action. The latter is considered the intention-action gap (Van Gelderen et al. 2015). So while intention may be a precursor to action, other factors may mitigate the realisation of these intentions. In

addition to external factors, such as changes in a situation, aspects of the individual may influence whether an individual acts on intentions. As recognised in models of intent, in many cases intent does not result in action. The PSED and GEM studies both report very high rates of nascent entrepreneurial activity, which do not result in new ventures. Similarly, evidence from research on the entrepreneurial process indicates that not all entrepreneurs have long-standing intent to start of new business, for example, some of the improvised businesses described by Baker et al. (2003). Some recent research has begun to explore the factors that might be important to understanding how intentions become actions. For example, in a recent study, Van Gelderen and colleagues (2015) focus on volition—comprising action-related emotions, factors that may result in individuals not acting, such as doubt, fear, and aversion, and also on self-control, what they describe as a ‘personality disposition that reflects on individual’s capacity to exercise willpower’ (2015, p. 656).

Furthermore, Fitzsimmons and Douglas (2011) demonstrate that entrepreneurial intent may be high even in situations where either perceived desirability or perceived feasibility is low—leading them to propose a typology of entrepreneurs, including the ‘inevitable entrepreneur’ who is characterised by sufficiently high intention based on high perceived desirability but low perceived feasibility. The reversed situation is labelled as the ‘accidental entrepreneur’.

Prior reviews of the entrepreneurial intentions literature have identified potential areas for future research including the importance of multilevel explanations of intent (Lee et al. 2011), a focus on how intent helps in the understanding of entrepreneurial decision-making processes (Liñán and Fayolle 2015), exploration of the intention-action gap (Van Gelderen et al. 2015), and intent in varying contexts, such as exploring why some entrepreneurs self-select out of entrepreneurial careers following an exit from a successful or failed business (Simmons et al. 2016). More generally, the following are possible areas for further research in the domain of entrepreneurial behaviours:

- Contextual issues. Given that the entrepreneurship process is context specific, future research could explore the mechanism by which situational factors influence intent and behaviour. The interaction between

intent and contexts includes for example, explanations for how different levels of context may shape entrepreneurial intentions, including national, regional (including, industry clusters), and local contexts. 'Micro' or 'local' factors may be a particular fertile focus of attention (e.g. direct role models, mentoring, incubation within specific organisations, local entrepreneurial hotspots). For example, how does immediate local physical contexts, such as the physical design of an incubator/accelerator/co-working space and the development of network 'bridging' programmes within such spaces influence entrepreneurial intentions and behaviours?

- Temporal issues. Greater examination of the temporal aspects of intentions. For example, how does long held intent differ from 'in the moment' intent (in the context, for example, of improvised entrepreneurship). Intent could be considered as a transient, and situation specific, dynamic concept. Intent may occur at micro-levels, in terms of specific next actions/behaviours, rather than in terms of the more general intent of creating an organisation/start-up. Research could also explore, for example, how intent may vary across an individual's life course?
- The intention-to-behaviour link or the intention-action gap. Future studies could include actual behaviour in studies of intent (notwithstanding the difficult methodological challenges, including the time lag between intent and behaviour (Bird 1992)). This could also include exploration of the contexts and processes associated with the failed realisation of intent.
- Consider reverse causality as prior research suggests that an increase in entrepreneurial intentions may affect perception of desirability and feasibility (Krueger et al. 2007).
- Variation in types of intent. Intent among different types of individuals, including 'next-generation' family members in a family business context or using the Fitzsimmons and Douglas typology of entrepreneurs (natural, accidental, inevitable, and 'non-entrepreneur') (2011). Research could also focus on intentions beyond 'start-up'—capturing the variety of routes into entrepreneurship, for example, an individual's intent to join an entrepreneurial team or intent to seek a franchise.

2.7 Conclusion

Entrepreneurial intent continues to attract attention from entrepreneurship scholars (Liñán and Fayolle 2015) because it is an important antecedent to entrepreneurial behaviours such as starting a business. The intent literature has focussed on how individual intent is a predictor of entrepreneurial behaviour, focussing on intent as an individual level construct. Individual entrepreneurial intent has been used both as an independent and dependent variable in the growing body of research in the domain (Thompson 2009; Fayolle and Liñán 2014). A strong body of research has suggested factors that might be associated with entrepreneurial intent, typically assumed to be the intent to create a new organisation, with some research exploring how cognitive processes may mediate the relationship between stimuli and intensity of intent. Researchers from the entrepreneurship education domain focus on entrepreneurial intent as a potential outcome of entrepreneurship education. The chapter concludes by suggesting areas for future research. These areas of research provide the basis for a deeper understanding of the entrepreneurial process as experienced by individuals, including failed and abandoned entrepreneurship and how it may impact future intentions, and the multiple contextual factors that might account for the emergences of entrepreneurial intentions within individuals. However, perhaps the biggest challenge in this domain is research that increases our understanding of the link between intent and behaviours—the ‘intention-to-behaviours transition’ (Nabi et al. 2017, p. 277)—and research that explores the extent to which different behaviours in entrepreneurship might be explained by variance in types and intensity of intent that characterise individuals.

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3

Gendering Entrepreneurial Behaviour

Susan Marlow, Samantha Hicks, and Lorna Treanor

3.1 Introduction

Reflecting the rise of the neoliberal turn since the early 1980s, there has been an increasing focus upon entrepreneurial activity as a conduit to self-efficacy, economic wealth and employment creation (Mole and Ram 2012). Entrepreneurship has been presented as a meritocratic site of opportunity development where rewards are individualised and reflective of their effort and ingenuity. This simplistic argument, fuelled by neoliberal free market ideology (Harvey 2005; Hall 2011), has been challenged by critical analyses concerning the potential of entrepreneurship as an unbiased emancipating activity (Ahl 2006; Tedmanson et al. 2012). Challenging the notion of entrepreneurial neutrality, gendered critiques regarding the positioning of men as natural entrepreneurs that in turn privileges masculinity and associated male stereotypes emerged

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(Ahl 2006; Ahl and Marlow 2012). This critique identified how sex and gender influence the enactment and perception of entrepreneurial activities to the disadvantage of women (McAdam 2012; Ahl and Marlow 2017).

Our chapter offers an overview of critical arguments, emerging since the 1980s, to analyse the influence of gender upon entrepreneurial activity. Reflecting the tone of this critique, we initially focus upon analyses of women's propensity and performance in terms of creating and managing entrepreneurial ventures. Given the way prevailing gender bias within the ontological foundations of entrepreneurship theory and practice discriminate against women, we initially focus upon how they have been portrayed within analyses of 'who' or 'what' makes an entrepreneur (Gartner 1990). Such debate (Ogbor 2000; McAdam 2012; Henry et al. 2016) has exposed the normative stereotype of the entrepreneur to be a white, middle-class, middle-aged male, conceptually and empirically narrowing our understanding of entrepreneurship and entrepreneurial behaviour. Thus, the critical analysis of the influence of gender upon women's propensity for, and experiences of, business venturing has been of fundamental and far-reaching importance in challenging prevailing axioms informing contemporary understanding of the entrepreneurship phenomenon. In addition, such academic focus has spilled over into policy debate and development worldwide, as it is assumed encouraging more women to engage with business venturing is socio-economically beneficial for individuals and nations. Consequently, the analytical exposure of gendered bias within assumptions underpinning entrepreneurial activities fuelled an academic debate which has grown in scope and complexity (Klyver et al. 2013; Ahl and Marlow 2017; Marlow and Martinez-Dy 2018). Reflecting contemporary developments within the gendered critique of women's entrepreneurial activities, we also explore feminist perspectives, particularly the role of postfeminism in shaping current debate (Lewis et al. 2017).

Our chapter also challenges the notion that women are synonymous with gender (Kelan 2009). Whilst the focus upon the perception and positioning of women within entrepreneurial discourse has been invaluable to expose embedded bias and subordination, this has become almost exclusionary. Thus, there is a generic and presumed notion of

masculinity underpinning entrepreneurial prototypes (Giazitzoglu and Down 2017), a presumption rarely interrogated to delve into the complex and heterogeneous ways in which men ‘do’ masculinity in the context of entrepreneurship. Equally, gendered analyses of entrepreneurship assume heteronormativity within the entrepreneurial population so what, if any, influence being LGBTQ+ has upon entrepreneurial behaviour or the role of queer studies remains largely ignored. We recognise such exclusions and consider how such issues might be addressed in future research.

To achieve our objectives, the chapter is structured as follows: first, we briefly set context by outlining key constructs of sex and gender. Second, there is an overview of the evolving gender critique over time and how this has influenced analyses of women’s entrepreneurial activity and behaviour including contemporary postfeminist debates. The third section outlines the case for greater acknowledgement of men and masculinity, and how gendered ascriptions relating to LGBTQ+ individuals may shape debate. Finally, we consider future research avenues focusing specifically towards the need for diverse articulations of gender and their association with entrepreneurial behaviour and entrepreneurship.

3.2 Sex and Gender

In her pioneering work, Oakley (1972) analytically critiqued the difference between sex and gender noting the dangers of confusing the two. Whereas sex is a biological categorisation applicable to a diverse range of living organisms, encompassing male, female, intersex, hermaphrodite and neuter—human gendered ascriptions are complex, socially constructed assumptions stereotypically associated with sex categories. Thus, sex has a biological foundation where differences can be categorised around specific markers such as genes, hormones, physicality and so on but makes no value assumptions regarding the person with whom such characteristics are attached (Fine 2017). Gender, however, has no substantive category markers; as a conceptual notion, it consists of a multiplicity of fluid social ascriptions with related designated characterisations of complex masculinities and femininities crudely mapped back to sex

categories (Linstead and Pullen 2006; Marlow and Martinez-Dy 2018). Analyses of gender, and the way it fundamentally shapes human behaviour, have progressed from designating gender as a property possessed by individuals to a concept enacted by humans through doing (West and Zimmerman 1987), brought into being through performativity (Butler 1993; Gherardi 1995). As one of the most fundamental human identity markers, it makes us, as humans, comprehensible social actors (Marlow and McAdam 2013). We are socialised into gender as a performative—it is performed upon us and we, in turn, fulfil our social obligations by performing gender (Butler 1990, 1993).

Gendered performances are complex. Whilst there is a binary categorisation of gender (feminine, masculine), this represents a continuum of behaviours rather than a discrete dichotomy. In effect, individuals adopt shifting and realigning expressions of masculinity and femininity within the self. So, for example, femininity has no inherent embeddedness within women's bodies; it is something that both women and men *do* as a socially constructed enactment and vice versa for masculinity. However, whilst there is no essential femininity or masculinity unique to the biological identities of men and women (Fine 2017), gendered ascriptions are crucial to establish cultural intelligibility; as social actors, we make sense of others in terms of their ascribed gender. Thus, those who contravene the gendered order are to an extent deemed socially unacceptable [aggressive women, effeminate men] within the prevailing context, subject to social threat, exclusion and, in some situations, physical violence. So, although gender incorporates multiplicities of difference, how these differences are articulated is subject to social proscription and policies; those who defy gender conventions risk hostility and threat, resulting in homophobic and/or transphobic reactions to those who demonstrate non-normative or seemingly contradictory gendered characterisations (Butler 2004; Bridges 2014; Colgan and Wright 2011). Yet, even those exhibiting contradictory gender/sexual identities still enact gendered characteristics; reinforcing the centrality of gender as a constructed, but persistent and fundamental sense making device. Even the notion of the gender binary itself is outmoded, given evidence of diverse and fluid expressions of gender. As Linstead and Pullen (2006: 1301) argue, 'the binary simply does not do justice to human experience, yet it powerfully constrains social life and possibility'. So not only is gender a categorising,

valorising construct, but it also incorporates a basic identity logic in anchoring one's self-understanding and how others relate to the presented self. Gendered ascriptions influence all human activity, including entrepreneurial behaviour to which we now turn.

3.3 Reviewing the Emerging Debate upon Gender, Women and Entrepreneurship

3.3.1 Recognising Women's Business Ownership (1976–1992)

Made possible by the neoliberal turn, and popularised by the postfeminist era, entrepreneurship was alleged to be an open, meritocratic field of action, as early entrepreneurial debate assumed a field of gender neutrality (Marlow and Martinez-Dy 2018). Yet as Holmquist and Sundin (1989: 1) noted, entrepreneurship research was written 'by men, for men [and] about men', fuelling a masculinised discourse that positioned men as 'natural ciphers of normative practise' (Marlow 2016: 5). Gendered critiques of entrepreneurship emerged in the late 1970s (Schwartz 1976); yet, research concerning women business owners only materialised towards the late 1980s, positioning women as problematic subjects (McAdam 2012). During this period, entrepreneurial research focused on sex as a variable through comparative studies illustrating differences between men and women's entrepreneurial propensity and venture performance. This revealed women were less likely to create new ventures and those that did under-performed compared to their male peers: informing a deficit discourse (Marlow 2016) victimising women as entrepreneurial failures against the moral imperative—'if only women were more like men' (Marlow 2014: 1). Sullied by accusations of alleged poor performance (Marlow and McAdam 2013) and demonised for essential weakness, entrepreneurial women were positioned in opposition to men (Marlow 2016). This thesis in turn informed several explanatory arguments regarding why women might be deficient entrepreneurs.

In critique of entrepreneurship research, Scase and Goffee (1985) realised entrepreneurial debate rested upon untested assumptions that problematised women's entrepreneurial activity and experiences according to their gender. In theorising four types of female entrepreneurs—*conventional*, *innovative*, *domestic* and *radical*—to explain motivational and experiential differences of business ownership, Scase and Goffee (1985) argued entrepreneurship research needed to recognise the heterogeneity of needs between self-employed women. Scase and Goffee's (1985) typology, as Mirchandani (1999) later noted, focused upon the extent women business owners conformed to or rejected their sex roles. The oppositional construction of entrepreneurial ideals alongside conventional sex roles influenced the typology of women business owners within this period. Entrepreneurial ideals, as Eichler (1980) noted, paralleled masculinised assumptions remnant of traditional male roles; not surprising as masculinity is often characterised, according to Bem's (1993) sex role inventory, in terms of ambition, independence, individualism, competitiveness and risk-taking behaviour.

Within the next few years, scholars turned their attention to theorising, often exaggerating gender difference between self-employed men and women. In 1986, Chaganti's research revealed no significant sex differences in terms of achievement, autonomy, aggression, goal-orientation, self-confidence, finance and opportunity exploitation—yet argued further research was required to align sex roles to each trait. Bowen and Hisrich (1986) acknowledged research on women business owners had cast an uneven picture given the evidence suggested successful self-employed women were more likely to be: well-educated, more masculine, have entrepreneurial fathers, were typically first born/only children, and more likely to venture into traditional male industries. To further debate, Bowen and Hisrich (1986) directed future research towards the study of whether women entrepreneurs differed to males in terms of personality, childhood, work-hours, family situation and prior work history. Sexton and Bowman-Upton (1990) however argued the only evident gender-based difference between entrepreneurial men and women is low risk-taking propensity, but as Hurley (1991) noted, such findings derived from an imbalanced research sample composing of only male representatives. In 1987, however, Cromie's research concluded women business

owners opt for self-employment to mitigate tensions between their motherhood and career aspirations, whilst Birley (1989) theorised the growth in women's business ownership is reflective of a changing society not concerned with gender difference; predicting the profile of women business owners will move closer to that of men. This argument assumes of course, significant differences exist between men and women in terms of entrepreneurial propensity and behaviour.

For Lee-Gosselin and Grise (1990) business ownership for women was a means by which they could actualise themselves; a means of personal development and response to professional needs, whilst satisfying familial responsibilities. Women business owners, from this perspective, differ greatly to men, as Lee-Gosselin and Grise (1990: 432) realised, the 'peculiarities of women entrepreneurs challenge our definitions of what is an enterprise and entrepreneur'. Having also recognised the significance of women's business ownership, Moore (1990: 279) argued entrepreneurship researchers needed to explore gender difference across variables, through statistical methods and analyses to find a common definition, given the 'research strategy of the future [was theirs] to make'. Stevenson (1990) however argued the general tenor of enquiry suggesting women's business ownership was flawed, as women are subordinated and marginalised by male gendering processes, and so recognised entrepreneurial researchers made little effort to uncover the experiences of the female entrepreneur, calling for the need to feminise entrepreneurship research (Henry et al. 2016). This represented an earliest acknowledgement that gendered ascriptions, rather than sex differences, were of greater importance regarding interpretations of women's entrepreneurial behaviour.

Having reviewed 57 empirical studies concerning women business owners, Brush (1992) concluded there were more differences than similarities between male and female-owned businesses. Despite relatively few differences in terms of entrepreneurial traits, motivations and demographics, Brush (1992) argued women differ in terms of start-up acquisition, educational background, management style and growth rates on the basis that women approach business ownership differently to men. From this, Brush (1992: 16) proposed a new perspective to researching women business owners, one that 'looks at the business through the eyes of women', offering a new lens for research on women's business ownership.

Most studies featured within this period remained predominantly descriptive, characterised by the gender as a variable (GAV) approach (Henry et al. 2016). Research on women business owners in earlier stages of the entrepreneurial debate focused upon gender differences exaggerating small gaps (Ahl 2006) given the pervasive gendered notion suggesting women are less competent than men. So, in the face of counterfactuals, minor issues are exaggerated to restore salience to our gendered expectations. Personal traits alone proved inept as explanations for differences between entrepreneurial performance and business approaches, leading Brush (1992) to campaign for a new perspective. In her critique, Stevenson (1990) was one of the few to begin questioning the gendered nature of entrepreneurship, calling for more feminised research; like Brush (1992), she helped re-direct entrepreneurship research towards a female model of entrepreneurship.

3.3.2 Still Searching for Difference (1993–2003)

By questioning ‘how far have they come?’ Buttner (1993: 59) suggested that more women, frustrated by glass ceilings and career dissatisfaction, left large corporations to enter self-employment. In recognition of the growth in women business owners, Buttner stressed the importance of focusing upon their entrepreneurial experiences given the notion male and female business owners are more similar than different. Yet, despite such evidence, their entrepreneurial competency and performance remained rooted within stereotypical perceptions of feminised roles in society. As Carter and Cannon (1992) noted, the family emerged as a significant factor affecting women’s attitudes towards and engagement with business ownership, given tensions between conflicting gender roles as ‘wife’, ‘mother’ and ‘businesswoman’.

Research concerning women business owners within this period was still largely based upon comparative studies between the sexes, affording little attention to why entrepreneurship is conceptualised vis-à-vis the behaviour of men (Mirchandani 1999). Comparable sex differences between men and women were used to measure the extent women exhibited typical entrepreneurial traits and behaviour to develop a female entrepreneur profile and further explain sex differences between entrepre-

neurship experiences (Mirchandani 1999). Analyses of the performance of women business owners in entrepreneurship literature, as Ahl (2002) argued, serve to reinforce the subordination of women in society; given the long-standing perception, women faced gendered structural barriers, had a distinctive style when conducting business, and were, above all, socialised differently to men (Mirchandani 1999). Entrepreneurship research continued to theorise men and women in terms of sex differences, despite contradictory evidence, ignoring similarities, and the existence of 'self-selected women' and 'good mothers' who presented alternative, feminine models of entrepreneurship, and, in so doing, preserved the dominant model (Henry et al. 2016). For Ahl (2002) research upon female entrepreneurship reiterated essentialist ideas, reinforcing the notion of sex difference irrespective of gender theory, thus uncritically positioning women as the weaker sex. Ahl (2002: 11) developed a detailed critique of these assumptions, first by questioning: 'why did researchers start with the assumption that women entrepreneurs must be different from men, and why was it so unsatisfying that no or small differences were found? [and] why was there an interest to mould an alternative, female model of entrepreneurship?'

Female entrepreneurship literature, as Ahl (2002: 11) argued, does not present 'innocent, objective reflections of social reality'. The conceptualisation of the female entrepreneur thus remains problematic, as researchers, obsessed by the notion of female underperformance, alongside a commitment to establishing gender difference, labelled women's entrepreneurial activity as deficient (Marlow and McAdam 2013). Empirical studies suggested women entrepreneurs possess a different psychological make-up (Sexton and Bowman-Upton 1990), have less desire to start a business (Scherer et al. 1990), and, for those that do, have less business growth motivation. Such findings co-produce an unfavourable version of reality for female entrepreneurs, one where their performance is undermined and explained by sex difference rather than gendered subordination.

This emerging gendered critique of entrepreneurship gained momentum, as scholars focused upon analysing women's discrete experiences as women business owners (Buttner 1993). Yet, a comparative subtext persisted (Henry et al. 2016). The conceptualisation of female entrepre-

neurship remains problematic; set against the masculine ideal of entrepreneurship, women are forced to prove their entrepreneurial competency in the context of an unfavourable, co-produced reality that serves to reinforce their marginalised status in society. Entrepreneurship research at this time, however, experienced an epistemological shift from essentialist sex roles, conflating gender as a social ascription and something that is produced (Ahl 2002), giving rise to a plethora of post-structuralist, feminist critiques that led many to question the gendered nature of female entrepreneurship research.

3.3.3 Acknowledging Gender (2004–2015)

Since the turn of the twenty-first century, contemporary critiques have afforded increasing attention to women's entrepreneurial behaviour, often scrutinising the detrimental effect of gendered ascriptions, discriminatory biases and related stereotypes upon women's entrepreneurial competency in attempts to expose the gendered nature of entrepreneurship (Marlow 2016). Within the early stages of this debate, Bruni et al. (2004) introduced the notion of 'entrepreneur mentality' in critique of the 'truth effects' created by entrepreneurship discourse. For Bruni et al. (2004), studies theorising women entrepreneurs often reproduce an androcentric entrepreneur mentality rendering masculinity invisible, and so, male entrepreneurship adopts the normative position by which gender difference is measured. The female entrepreneurial discourse to this point had largely been theorised in terms of 'breeding grounds'—'ghettos of entrepreneurship', backward sectors as extensions of gender role socialisation and patterns of female entrepreneurship, reflective of women's private life-courses. This naturalised women according to their reproductive life-cycle, marginalising them further as they lack status, networks and credibility as legitimate entrepreneurs (Bruni et al. 2004). Despite assumptions of gender neutrality, female entrepreneurship literature is largely founded upon implicit gender assumptions that serve as an instrument of dominance, positioning women as second-sex entrepreneurs.

Reflective critiques of women's entrepreneurial activity are further complicated by resistance to acknowledging subordination by those subject to it; in effect, women themselves assume 'gender-blindness'. In the

quest for invisibility, Lewis (2006) argues women not only perceive entrepreneurship to be gender neutral but also wish to conceal its gendered nature as they attempt to emulate the masculine norm and reduce their marked gender difference in contempt of becoming the 'other'. Such women do not see themselves as gendered actors, in the belief that the problem of gender inequality has been solved and is no longer an issue (Kelan 2010). Such behaviour, whilst illusively progressive, cultivates gender-blindness, concealing the marginalisation of women, whilst naturalising, and further privileging male entrepreneurs (Ahl and Marlow 2017). By maintaining a silence towards the masculine foundations of entrepreneurship, women ironically contribute to their own silencing and in turn reinforce their marginalised status as second-class entrepreneurs (Lewis 2006). This perception also invokes a gender blame narrative, making sense of inequity, where gendered subordination is denied, suggesting problems originate with women themselves rather than acknowledging structural bias (Marlow 2014).

Much attention has been afforded to the notion of the entrepreneurial identity and how individuals undertake related identity work to claim entrepreneurial legitimacy. In evaluating how identity issues intersect with gender, Eddleston and Powell (2008) argued that the prototypical entrepreneurial identity is embedded in masculinity. As such, a masculine identity commands greater entrepreneurial legitimacy denoting higher value to men and their enterprises (Marlow and McAdam 2015). This encourages conformity with masculinity and male standards, irrespective of feminist perspectives; masculinised definitions of entrepreneurial success and satisfaction remained unchallenged (Bird and Brush 2002; Marlow and Patton 2005; Eddleston and Powell 2008). Gupta et al. (2009), in theorising the role of socially constructed gender stereotypes and their influence on entrepreneurial intention, also found both men and women stereotypically conflate entrepreneurship with masculine identities. This illustrates earlier arguments by Mirchandani (1999) and Bird and Brush (2002) that most women's entrepreneurship research concerns itself less with feminist theories to challenge the male norm, and more upon how women deviate from such norms.

Gender bias, now widely recognised in contemporary entrepreneurial debate, runs the risk of becoming counter-intuitive in reproducing the female deficit myth against the backcloth of normative masculinity

(Marlow and McAdam 2013). Hence why we need feminist-inspired critical interrogation of the underlying gender subtext informing the entrepreneurship domain. For Ahl and Marlow (2012: 543), contemporary entrepreneurial research is in ‘danger of reaching an epistemological dead end’, as despite numerous calls for feminist theory, evidence of its application as an analytical framework has yet to surface in entrepreneurial discourse. Despite popular representation suggesting entrepreneurship is a meritocratic, socio-economic space, the gender subtext underpinning entrepreneurship discourse remains fundamentally masculine (Ahl and Marlow 2012). Women have yet to feature in the mindset of who and what constitutes an entrepreneur and are often theorised as deficient and in need of ‘fixing’ compared to men (Ahl and Marlow 2017).

The entrepreneurship research agenda therefore rests upon weak foundations embedded in gendered assumptions that perpetuate the falsehood that entrepreneurship is a gender neutral and meritocratic space for individuals to realise their entrepreneurial potential and that the normative characterisation of the entrepreneur is resolutely male, a universal subscription that reinforces the subordination and marginalisation of women business owners whose underperformance is accredited to failures in assimilating masculine norms (Ahl and Marlow 2012). Femininity is theorised as a weakness, compared to masculinity which prevails as the unquestioned norm in entrepreneurship discourse (Bruni et al. 2004). For Ahl and Marlow (2012), gender and entrepreneurship research has reached an impasse, as current analyses fail to explain patterns of female entrepreneurship whilst blaming women for circumstances beyond their control (Bradley 2007).

To advance debate, it has been argued that feminist critique can help challenge the normative gender subtext that to date has constrained the possibilities of who and what constitutes an entrepreneur (Calás et al. 2009; Ahl and Marlow 2012). Fundamental differences between men and women prevail, as entrepreneurship discourse rests upon an epistemological bias that ‘celebrates the masculine, [whilst] repressing the feminine’—the problem being ‘women are just not men!’ (Ahl and Marlow 2012: 549, 550). Increased attention upon women business owners has made visible the influence of gender upon women’s entrepreneurship experiences, generating a more nuanced debate encouraging greater reflexivity; yet, challenges remain (Marlow 2016). Despite the

growing complexity of female entrepreneurship as a maturing strand of research (Jennings and Brush 2013), women continually serve as a generic proxy for gender (Marlow and Swail 2014). Feminist-informed critiques which focus specifically upon women, their subordination and how this is perpetuated within and between contexts offer more scope to reveal and challenge the gender bias embedded within entrepreneurial discourse (Lewis et al. 2017).

3.3.4 Feminist Perspectives on Gender and Implications for Understanding Entrepreneurial Behaviour

Assumptions underpinning normative entrepreneurial discourse can be deconstructed through feminist critiques, but often enough feminist arguments are subjected to ‘popular suspicion’ posing a threat to the heteronormative masculinity underpinning the logic of entrepreneurship to date (McRobbie 2009; Ahl and Marlow 2012). Feminist theory has nevertheless proved influential in casting an oppositional critique to female subordination (Beasley 1999). Pertinent to contemporary entrepreneurial debate, however, is the wave of postfeminism and the rise of post-structuralist critiques, critical to challenging female essentialism, the deficiency narrative around women’s entrepreneurial behaviour and assumptions of subordination within female entrepreneurship literature (Ahl and Marlow 2012).

Theoretical postfeminism argues that through dedicated equality regulation, equal access to education and full emancipation, women are acknowledged as different but equivalent to men; therefore, feminist movements are obsolete (Coppock et al. 2014). The focus here is upon youthful, heterosexual, attractive, white educated women who exert surveillance of the self-regarding personal appearance and are economically independent and recognise the need to attract a male partner. Although postfeminism celebrates women’s achievements in former male arenas, it offers a traditional reproduction of femininity but in a context of choice; women can choose to be sexually alluring or a dedicated career woman, or a stay-at-home mother. McRobbie (2004) describes this as a double entanglement as neo-conservative gender,

sexuality and family values coexist within processes of liberalisation (Ahl and Marlow 2017).

3.3.5 Neoliberal and Entrepreneurial Postfeminism

Postfeminism and neoliberal ideology share many commonalities with a focus upon individual choice and entrepreneurial agency to achieve one's goals (Harvey 2005; Perren and Dannreuther 2013). The new self-regulating citizen is also the new, entrepreneurial citizen (Ahl and Marlow 2017). Lewis (2014) analyses how 'entrepreneurial femininities' are constructed through a postfeminist lens identifying four iterations: first, the 'entrepreneur', gender neutral and meritocratic, equal chances of success depending on the use of agency and competency. This reflects the postfeminist focus upon individuality, choice and lack of gender discrimination. Second, the 'mumpreneur', with a home-based feminised business where postfeminist elements reflect the individual's choice of self-employment, the home retreat with commercial valorisation of traditional femininity. Third, the 'female entrepreneur' who performs traditional femininity is compassionate, sharing and prioritises collective goals. Postfeminist aspects reflect the acknowledgement of sex differences whilst nurturing femininity within the market and positioning it as complementary to masculinity. Fourth, the 'Nonpreneur' exhibits excessive femininity through vulnerability and dependence without balancing postfeminist assertiveness, confidence and self-determination—she is reliant on feminine wiles to assert agency.

Each theme centres upon the notion of individuality and agency as women can choose the pathways to successful entrepreneurial activity. As Ahl and Marlow (2017) note, this discourse is evident within contemporary government policy initiatives, across the globe, encouraging women's enterprise. In the assumed absence of subordinating constraints, women are encouraged to overcome their risk adversity, lean in and seize the opportunities offered by entrepreneurship to fulfil personal potential and of course, create a wider value for society. The ideology underpinning this narrative fails to acknowledge the persistent gendered structural constraints limiting women's access to capital,

knowledge and legitimacy, whilst in contrast, post-structuralist feminist critiques argue for the persistence of the masculinised discourse in the field of entrepreneurship which still renders women as ‘other’ (Henry et al. 2016).

3.4 Expanding the Gender and Entrepreneurial Behaviour Agenda

Using women as a proxy for gender within the debate surrounding entrepreneurship as this narrow and indeed discriminatory analysis of gender and entrepreneurship excludes other gendered subjectivities. Consequently, as men are the normative subject within entrepreneurial discourse, they are assumed ‘genderless’ (Marlow 2014). Accordingly, the nature and veracity of the gendered assumptions which reproduce the normative entrepreneurial actor as a heterosexual [white] male remains under-explored. Men are exemplar entrepreneurial subjects, afforded legitimacy, privilege and visibility by their gender. Yet, despite the power of gender to bestow such authority, this has paradoxically remained invisible and immune from scrutiny (Swail and Marlow 2018). Given that entrepreneurial discourse is premised upon hegemonic forms of masculinity, diverse and discrete articulations of masculinity and how they are performed and reproduced by male entrepreneurial actors demand greater consideration. Those who have considered this perspective (Hamilton 2014; Smith 2010, 2013; Giazitzoglu and Down 2017) explore the nuanced nature of masculinity represented as narrative, identity and/or performance within an entrepreneurial context. These analyses map on to what Hamilton (2013) explores regarding masculine identities: specifically, the epistemological implications of drawing upon narrow notions of gender and masculinity. Thus, a nascent thread of critical masculinity studies (Hearn 2014) is emerging within entrepreneurship that does not presume upon a universal and unremarkable enactment of masculinity by the male subject. Instead, it seeks to deconstruct and study the performance of masculinity within the context of entrepreneurship.

It has been demonstrated that individuals seek self-employment as a response to employment related socio-economic discrimination, arising from social ascriptions related to race, ethnicity or sex (Galloway 2012). Given the ubiquity of discrimination beyond the constraints of employment, the efficacy of such avoidance strategies as a solution to organisational prejudices is limited. The extent to which LGBTQ+ people of various demographic backgrounds and social circumstances might engage in entrepreneurial behaviour to counter employment discrimination remains under-explored. In addition to discriminatory influences in employment, adopting contradictory gender performances could have negative implications for resource accumulation and stakeholder support. To counter such homophobic influences, these entrepreneurial actors may retreat to so-called 'pink ghettos' (Smith 2014) and create specific market niches. There is some evidence from small-scale studies suggesting discrimination flight from employment to self-employment by gay men; however, this is by no means clear-cut (Galloway 2012). Meanwhile, we have very little evidence regarding lesbian, bisexual, transgender and gender non-conforming people and whether stereotype contradiction and related discrimination influences entrepreneurial propensity and the subsequent manifestation of entrepreneurial behaviour.

We know least about queer entrepreneurs who are not white gay cis men or lesbian cis women—for example, the entrepreneurial activities of trans women of colour, who are often disproportionately active in the beauty industries, entertainment and sex work (Mock 2014). This is likely due to the heightened marginality of their identities (although collectively, they make up a significant portion of queer populations), general lack of mainstream social acceptance and the vulnerability this precludes (Gira Grant 2016). This means that their businesses may be particularly economically constrained and relatively hidden, situated in grey economies and outside markets where the bulk of research is conducted. Such speculation raises issues of potential interest but, to date, lack theoretical interrogation and empirical evidence and so, exploring gender multiplicities within the context of entrepreneurship offers considerable potential. To this end, qualitative research will undoubtedly prove particularly informative in exploring gender multiplicities and

entrepreneurial behaviour furthering our understanding with much scope for intersectional studies to illuminate the combined influence of different positionalities.

3.5 Conclusion

When reviewing this field, there has been a notable shift in the sophistication of contemporary debate as the emphasis has moved from theorising women as deficient entrepreneurs towards critical feminist analyses of the influence of gender upon perceptions and practices of entrepreneurship (Henry et al. 2016). Evidently so, we can see change in the unit of analysis within extant research over time; so, prior to the mid-2000s, the overwhelming focus was almost exclusively upon individual women's experiences of business ownership, generally articulated as explorations of female entrepreneurship (see Mirchandani 1999 and Marlow 2002 as exceptions). As the unit of analysis within the debate was the woman herself, her perception of entrepreneurship as a career option, her entrepreneurial behaviour and her approach to managing her business were of critical interest. The field of entrepreneurship—how it was represented, researched and interpreted—was tacitly presumed to be a neutral activity, or, in other words, a meritocratic site of agentic activity available and accessible to all. Such assumptions have been challenged within recent years through post-structural and feminist-informed critiques of entrepreneurial activity (Henry et al. 2016), rejecting comparative studies and the deficit entrepreneur typology for women, affording voice and visibility to women as a heterogeneous category worthy of empirical investigation. This greater awareness has resulted in greater visibility of women entrepreneurs in the media who may serve as role models for younger women, although all too often the focus is on their balancing of successful entrepreneurial behaviours and activities with domestic roles. It is troubling, however, that denotations of gender remain a proxy for femininity and women (Kelan 2009). This stance renders other articulations of gender invisible, creating a default form of masculinity which is subject to neither review nor critique. Equally, alternative gender subjectivities are also ignored which in effect means we only have a partial rendition

of how *gender* per se influences and affects entrepreneurial behaviour. It is now time to move on and extend the breadth and depth of analysis in this arena.

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4

'Crimino-Entrepreneurial Behaviour': Developing a Theoretically Based Behavioural Matrix to Identify and Classify

Robert Smith

4.1 Introduction and Identifying the Problematic Behind the Research

As the domain of entrepreneurship has broadened, increasing attention has been paid to the behavioural aspects of different practices in the pursuit of entrepreneurial opportunities including the dark side of entrepreneurship (Kets De Vries 1985)—this is specifically so in relation to the perplexing and under-researched paradigm of criminal entrepreneurship (see Smith 2009; Gottschalk 2008). Indeed, in contemporary times the very term 'criminal entrepreneurship' is a label bandied about without proper care or consideration despite having sound theoretical and philosophical groundings. It is also a recognisable behaviour which can be categorised and profiled and therefore observed, predicted and thus influenced (see Bartol and Bartol 2013).

In many respects, criminal entrepreneurship as a pervasive label is somewhat misleading because it spans two human efficacies, namely, the criminal

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and the entrepreneurial. There is therefore a wide variation in the possible typologies developed because the observable behaviours of an entrepreneur operating criminally and a criminal operating in an entrepreneurial manner will obviously manifest as different behavioural patterns. Possible typologies already widely established include—the entrepreneurial orientated criminal (Hobbs 1989, 1995, 2013), the criminally inclined entrepreneur (Gottschalk 2008), the rogue entrepreneur (Smith 2004), mafia entrepreneurs (Arlacchi 1983), businessmen gangsters and entrepreneurs of violence (Blok 1974; Volkov 2002). Thus, as can be expected the entrepreneurial behaviours of small businessmen dealing in drugs or resetting stolen property will be very different to that of a gangster or an organised criminal. There is therefore a very real danger that by using the term criminal entrepreneur loosely, one is conflating very different behavioural profiles. There is a famous axiom in management literature that although many entrepreneurs emerge from the small business sector, not all small businessmen are entrepreneurs (Burns 2012). The same can be said for small or petty criminals in that although they may all operate in the same milieu they are not all entrepreneurial criminals. Notwithstanding this, in this very practical chapter the author refers collectively to such behaviours as ‘crimino-entrepreneurial behaviours’ because they can and often do span both domains.

In the call for chapters for this book, it was articulated that entrepreneurial behaviour is a subset of entrepreneurial activities concerned with understanding, predicting and influencing individual behaviour in entrepreneurial settings (McAdam and Cunningham 2019), and this author argues that these must therefore, for the sake of completeness, include criminal, illicit and hidden and informal behaviours (Smith et al. 2015; Williams 2006). However, the dilemma remains in respect of how does one identify or recognise crimino-entrepreneurial behaviour, let alone predict or control it in individual- or enterprise-based settings? Whilst policy makers and support agencies may well have a growing interest in how entrepreneurial behaviour influences and shapes the creation and viability of new ventures, they do not have the working knowledge of how to combat a behaviour which spans two very different epistemological and axiological domains. This is also exacerbated by the fact that criminal entrepreneurship is not yet on the curriculum of universities or business schools. Indeed, there are no sponsored professors or chairs in the subject, and as a result we do not educate students in its theoretical or practical nuances.¹

Whilst we may have developed a better understanding of entrepreneurial behaviour in both individual characteristics and situational or contextual factors (Davidsson 2008) in legal and legitimate contexts, this is not so in criminal contexts. This author concurs with the assertion of McAdam and Cunningham (2019) that under the same situational circumstances, not all individuals will behave identically. If this is true for legitimate forms of business then it must be doubly so in criminal contexts. Thus, individual and contextual differences in criminal settings must in the future constitute an integral part of entrepreneurship research. However, in numerous studies into the trends in entrepreneurship research, criminal entrepreneurship did not feature in the list at all. Research into entrepreneurial behaviour and cognition is now so advanced that it would be a Herculean feat and impracticable to revisit all cognate, empirical studies, repeat them and factor in criminal behaviours. Given that it is acknowledged that the characteristics of the individual and characteristics of the situation matter in entrepreneurship research, there is a pressing need for robust theoretical and empirically grounded research into criminal entrepreneurship. This must be aligned to research into 'effectuation' in the field of legitimate entrepreneurship because effectuation is an espoused logic of thinking which shapes decision making and behaviour (see Sarasvathy 2001, 2004, 2008; Sarasvathy and Dew 2008; Dew and Sarasvathy 2008 for fuller discussions). Effectuation is a way of *thinking* that serves entrepreneurs in the processes of opportunity identification and new venture creation and include sets of decision-making principles expert entrepreneurs are *observed* to employ in situations of uncertainty which includes the criminal and the immoral (Sarasvathy 2001). However, as will be demonstrated below, effectuation theory is but one possible theoretical explanation.

In line with the definition of effectuation articulated by Sarasvathy and Dew (2008: 390), effectuation involves the transformation of means which are readily available to create value, but there is no specific mention anywhere that these 'means' must be legitimate nor legal. This is an important point. Nor is there mention that any idealised future goals must also be of a legal form. Indeed, this is merely assumed. In considering such means, it is acknowledged that these are "...cultivated from one's current context and constitute an individual's traits, attributes, tastes, values, preferences, passions, interests, prior

knowledge, education, experience, expertise, contacts and the contacts of contacts” (McAdam and Cunningham 2019). In addition to being idiosyncratic to a given individual and constantly evolving, they must encompass the individuals’ ethical and moral framework and behaviour which may include criminal predilections. Effectuation theory provides a wonderful theoretical framework because of its flexibility and adaptive nature. Thus an entrepreneur acting intuitively in a state of dynamic effectuation may not separate the criminal from the legal mens rea. Thus, the use of causal nor effectual logic alone is not conducive to successfully realising value creation.

In this chapter in exploring, interrogating and debating theoretical underpinnings and definitions of criminal entrepreneurship, the author focuses on both the individual entrepreneur (the micro level) and their behaviours, both entrepreneurial and criminal, and the behaviour at a contextual crimino-entrepreneurial eco-system level (both macro levels). This chapter thus spans both parts of the book. The intention is to enable lay readers, theorists and practitioners to identify behavioural elements of criminal entrepreneurship in order that they may learn and one day be trained in such prediction. In doing so it also provides a much-needed theoretical anchor to pedagogical approaches in entrepreneurship. The developed matrix is illustrative of the complex manifestation of crimino-entrepreneurial behaviours within the milieu inhabited by so called criminal entrepreneurs. In the process it illustrates the complexity of the multi-disciplinary paradigm.

4.2 Theoretical Underpinnings and Justification

This chapter is not intended as a completed theoretical exploration and synthesis of all literatures relating to criminal entrepreneurship. Indeed, it is very much work in progress. This process of mapping has been started and presented elsewhere by this author (see Smith and McElwee 2014; McElwee and Smith 2015 for an overview). See Smith (2009) and Gottschalk and Smith (2011) for an exploration of entrepreneurial behaviour in organised criminal settings and Warren and Smith (2015) and Smith (2015, 2016) and Davey et al. (2015) for contextualised case

studies of criminal entrepreneurship in a small business context. See Smith (2004) and Somerville et al. (2015) for contextualised discussions of criminal entrepreneurship in rural and farm settings and Smith (2013) for a discussion of the dual entrepreneurial identities of the biographies of contemporary British criminals as enterprise discourse. From a perusal of the above studies, it can be seen that crimino-entrepreneurial behaviours span the legitimate and criminal business worlds.

Instead this chapter synthesises various multi-disciplinary theoretical strands into a cohesive matrix or model based loosely on the business model canvas of Osterwalder and Pigneur (2010) in that it is intended as a one-page analysis of individual and collective cases where crimino-entrepreneurial behaviour is suspected to be in play. The decision to base it on the above model was taken pragmatically because to become widely used it requires to be based on easily used, simple visual frameworks. The model of Osterwalder and Pigneur itself is of interest in that it has been used to analyse the behaviour of criminals (see Smith and McElwee 2015—stolen to order). The adapted matrix will add theoretical robustness and descriptions to aid in determining the extent of entrepreneurial and criminal proclivities in subjects and crimino-entrepreneurial milieus.

In constructing the behavioural matrix, recourse was made to the following selected aspects of the literature, paying particular emphasis to theoretical explanations. The following elements are all relevant, namely, (1) philosophical underpinnings, (2) axiological underpinnings, (3) entrepreneurship theory, (4) criminological theory, (5) sociological theory and (6) psychological theories. It is by no means a complete list and further studies will be required to complete the model. The choice of this theoretical framework was made by the author to mirror the types of theories currently in play in the entrepreneurship literature so to make their potential for application more evident to the mass of entrepreneurship scholars likely to read this text. In doing so, it is necessary to point out that philosophical, axiological and psychological theoretical underpinnings influence the cognitive decisions individual entrepreneurs make, even if subconsciously. It is unlikely that entrepreneurship or criminological theory will influence the decision to engage in crimino-entrepreneurial behaviours. However, their inclusion is necessary to help us understand, profile and decode the nuances of the entrepreneurial behaviours after the fact.

Philosophical Underpinnings Entrepreneurial behaviour is influenced by a variety of related philosophies, codes, ethos, spirits and doctrines which underpin its behaviours and practices as well as individual cultures. These include the self-help ethos, the spirit of free enterprise, the doctrine of laissez-faire, the philosophy of the market place, the bourgeois mentality, the doctrine of greed is good, the entrepreneurial ideal, the capitalist ideal, the corporate ideal, Omertà and localised and contextualised enterprise cultures (see Table 4.1).

These ideals are important because they underpin the theoretical descriptions of crimino-entrepreneurial behaviour, and consideration must be given to these underpinnings when considering which of the other elements are in play.

Axiological Underpinnings These are also important in relation to establishing where the subject sits on the continuum of crimino-entrepreneurial behaviour. Particular attention must be paid to whether the behaviour, or activity, is legal and thus legitimate entrepreneurship and can thus be deemed as productive entrepreneurship under Baumol's classification (Baumol 1990/1996). Attention must be given to whether the entrepreneurial behaviour is moral and ethical and whether one is dealing with a moral entrepreneur (Smith 2006). Alternatively, is the behaviour displayed immoral or amoral but not illegal making the subject capable of being classified as a rogue or a rascal (Anderson and Smith 2007). If the behaviour is amoral then one should consider if one is dealing with a sociopath. Such activities should be treated as unproductive under Baumol's classification although it is often a grey area because by acting unethically an entrepreneur may save their business from failing thereby protecting the legitimate economy. Consideration should be given to any illicit activities which are proscribed by law but are generally considered to be socially acceptable within their communities. It is often normal for such activities to be ignored by members of the public and some public officials alike. Finally, if an activity is clearly illegal, then it is safe to assume that the subject entered into it knowingly and is thus aware that they are engaging in criminal activity. Examples of criminal entrepreneurship must be treated as destructive forms of entrepreneur-

Table 4.1 Philosophical underpinnings

The self-help ethos	This is closely related to behavioural elements such as self-efficacy and persistence, and its presence signifies the presence of an individualised entrepreneurial ethos directed towards goal setting and self-improvement
The spirit of free enterprise	This philosophy is associated with the doctrine of 'laissez-faire' and is regarded as a fundamental liberty in the Western world. It is largely a positive ideal but can be subverted for negative personal gain. It remains an important entrepreneurial attitude
The doctrine of laissez-faire	Is summarised as the non-intervention of the state in the workings of the economy and is central to the entrepreneurial ethos. It elevates the deficiency of social values into a moral principle by making self-interest a moral principle. It is an attitude which guides entrepreneurial actions
The philosophy of the market place	Is a philosophy whereby one does not ask questions and the rule of the market place is "caveat emptor" or "buyer beware". This absolves individual actors from personal blame
The bourgeois mentality	Consists of petit-bourgeois norms forming a residue of bourgeois culture. It is a perhaps an outdated ideology based upon acceptance of capitalist mores. Nevertheless, its vestiges remain
The doctrine of greed is good	Is an alternative entrepreneurial doctrine conflated with the 'entrepreneurial ideal'. Indeed, capitalist culture provides a rationale for business crimes committed by entrepreneurs on a daily basis whereby the free market validates the rightness of any action pursued in the interest of business. It is a mechanism for salving one's conscience
The entrepreneurial ideal	Is part of a wider capitalist ideology incorporating the notion of responsibility. It is a legitimising ideology and a strategy for class closure. It must be pertinent to those to whom it is directed. There are two class theories of entrepreneurship (working and middle) each with their own set of values allowing everyone to participate in entrepreneurship. It is associated with individual agency, the practice of individuality and fluidity of action. Despite changing over time, it remains a powerful social script. The entrepreneurial ideal is inextricably associated with the twin social ideals of self-education and self-help

(continued)

Table 4.1 (continued)

The capitalist ideal	This ideal evolved in the 1860s when capitalism entered the economic and political vocabulary. Capitalist success rests upon buying cheap and selling dear. It is a dynamic ideology born of inequality and the capitalist imperative of accumulation. Its ascendancy acted to accelerate the entrepreneurial ideal leading to the destruction of the leisurely ethos in business. As an ideology it is amoral although it is often associated with immorality. It has negative connotations too and reference is often made to the unacceptable face of capitalism. Notwithstanding this it has moral elements and remains important because it influences the actions of entrepreneurs
The corporate ideal	The corporate ideal is the entrepreneurial ideal collectivised and absolved from individualised blame. Corporatism is the practice of conformity and a withering of individualism. Its ethos is directed towards status and power and the politics of influencing career progression up the corporate ladder. The corporate ideal influences the behaviours of corporate entrepreneurs
Omertà	Is the code of silence within sub-cultures
Localised and contextualised enterprise cultures	An enterprise culture is one where taking financial risks is encouraged in an effort to make a profit. Enterprise cultures can be national and localised and some are associated with criminal entrepreneurship, for example, Essex Boy Culture

Adapted from Smith (2006)

ship even if they contribute to the economy and are conducted as pluriactive activities. Establishing the extent of criminality in entrepreneurial actions is problematic because an entrepreneur may practice all forms of entrepreneurship across a given period of time and whether the actions are all examples of criminal entrepreneurship or not will depend on circumstances and context.

Entrepreneurship Theory In completing this section of the matrix, it is incumbent upon the researcher to define and state on what grounds entrepreneurial activity will be adjudged because there are too many theories to be considered (see Table 4.2).

Table 4.2 Salient theories of entrepreneurship

Principal definition	
Anderson (1995)	Anderson defines entrepreneurship as the creation and extraction of value from an environment. This is important because it is a universal definition which fits all forms of entrepreneurship primarily because value is undefined and can be monetary or any other form of capital as can the extraction of it be in any kind
Other salient definitions of criminal entrepreneurship	
Theory of Unproductive and Destructive Entrepreneurship Baumol (1990)	In part one of the study Entrepreneurship: Productive, Unproductive, and Destructive, Baumol posited the notion of entrepreneurship as being capable of categorisation as productive, unproductive and destructive. Baumol provided numerous historical exemplars. It became a widely cited paper because it was one of the firsts to acknowledge that entrepreneurship has a darker side
Theory of Criminal Entrepreneurship Baumol (1996)	In part two of the study Entrepreneurship: Productive, Unproductive, and Destructive, Baumol defines criminal entrepreneurship as the pursuit of wealth using imaginative measures without consideration to the means employed. This is at once both a wonderfully powerful behaviourally orientated definition but also a disappointing one because it is so vague and subjective. How does one begin to define what constitutes imaginative measures let alone apply them to his typology of productive, unproductive and destructive forms entrepreneurship? Baumol further opines that the entrepreneur and the criminal often operate in the same milieu and that they can be one and the same person. This is vital to the furtherance of research into criminal entrepreneurship because so often the entrepreneur and the gangster are considered to be different species of rational economic actors. It is also hugely relevant because many studies of criminal entrepreneurship require the researcher to examine the social and business milieus of the economic actors as they act conterminously in tandem with others. Studying criminal entrepreneurs in isolation as case studies is acceptable too, but to appreciate the scale of their entrepreneurial propensity, one has to examine them in the context of their operating cultures
Theory of Entrepreneurial Modi Smith (2009)	This seminal paper considered the entrepreneurial elements of the behaviours of organised criminals and posited a conceptual model whereby one had to consider their <i>modus essendi</i> , <i>modus operandi</i> and <i>modus vivendi</i> in tandem

(continued)

Table 4.2 (continued)

Other salient definitions of criminal entrepreneurship	
Effectuation Theory Sarasvathy (2001, 2004, 2008); Sarasvathy and Dew (2008)	The theory of effectuation is also of relevance to criminal entrepreneurship because the same rules and logics apply irrespective of legal and moral considerations. The field of legitimate entrepreneurship because effectuation is an espoused logic of thinking which shapes decision making and behaviour. Under this theory the criminal entrepreneurs will commit entrepreneurship by any means and will not care if those means are illegal. In other words, they will do it because they have the knowledge, skills and contacts to profit from the criminality and because they can

It is worth noting that other definitions of entrepreneurship and key terms and themes associated with entrepreneurship can be used but that these must be stated clearly in any analysis. Moreover, although it is generally acknowledged that entrepreneurship is difficult to define (Gartner 1989), criminal entrepreneurship is even more difficult to describe because of the sparsity of definitions. Table 4.2 sets out the most salient definitions. One also has to consider how the behaviours of criminal entrepreneurs fit with criminological theories.

Criminological Theory The focus of the literature in this chapter is very much upon the criminological because it has much to contribute in terms of being the topic of most relevance to determining crimi-entrepreneurial propensities. In criminological research the theories of criminality are often infused with theories of business and management. The principal theory is that of the white-collar criminal posited by Sutherland (1939/1983). This theory is moderated by others which include managerialist theories, market-based theories and behavioural theories which influence the principal theory. See Table 4.3.

This part of the matrix is important because more than one theory may be in play in a given case study or subject narrative.

Table 4.3 Criminological theories

Principal theories	
White-Collar Criminality Sutherland (1939/1983)	This macro theory refers to financially motivated, nonviolent <i>crime</i> committed by business and government professionals in the course of their occupation. The white-collar criminal possesses respectability and high social status. It is of note that Sutherland modelled them on entrepreneurs but that it now encompasses corporate and small business offenders. White-collar crime is often viewed as being less serious than blue-collar or working-class crime
The Entrepreneurial Nature of a Professional Criminal Sutherland (1937)	This seminal book introduced the notion/micro theory of the professional criminal operating with the same skills as an entrepreneur
Managerialist theories	
Agency Theory Eisenhardt (1985)	This macro theory is concerned with problems that occur in agency relationships, relating to (1) problems that arise when the desires or goals of the principal and agents conflict in situations where resolution is difficult or expensive and (2) problems associated with risk sharing, when parties involved have different risk preferences. Agency Theory relates to aspects of self-interest, bounded rationality, risk aversion and goal conflict. Agency Theory is useful in scenarios where the principal demonstrates an inability to prevent agents from abusing their power for personal gain. The inability may be due to a lack of information or effective checks and balances. It is encouraged by ineffective enforcement and punishment
Social Network Theory Dion (2009)	This macro theory is used to describe and explain differences in social organisation and the ability to commit criminal acts. Different crime types require different modus operandi and network types, for example, close-knit cohesive and ethnically homogenous, as opposed to chain structures. Social networks involve a high level of trust between collaborating criminals. In Social Network Theory, dysfunctional networks may emerge. This may result in an entrepreneur or firm opting for deviant behaviour to compete with industry values or competitors. Industry norms and sector-based morality orientated towards profit maximisation can lead to criminal actions. Poor financial performance can be a driver

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Table 4.3 (continued)

Managerialist theories	
Institutional Moral Collapse Theory Shadnam and Lawrence (2011)	This macro theory is embedded in nested systems of individuals and organisations with moral communities in which ideology and regulations flow both ways. When these break down, moral collapse occurs. Staff in organisations often fear accusing others of misconduct in case they lose their jobs
Transaction Cost Theory Wright (2006)	This theory relates to the costs and conflicts involved in committing a crime that can lead to demise, delay or loss of profit. Bonuses, bribes and threats are used to minimise the danger to the organisation
Social Contract Theory Barry and Stephens (1998)	This macro theory assumes that ethical dilemmas in business may result from actors whose ability to comprehend their moral implications is inherently limited. Social contracts constitute the basis for analysing how individuals and organisations fulfil their ethical obligations via consent or conformity to social norms
Theory of Profit-Driven Crime Lopez-Rodriguez (2009)	This theory suggests that managers in organisations develop and implement dual legal and illegal strategies based on the likelihood of the profit to be gained
Theory of Double-Bind Leadership Hennestad (1990)	This micro theory suggests that mixed messages from leaders create a double bind for subordinates who are often unable to clarify the mixed message. This causes a dilemma whereby a crime may be committed because it is thought to be sanctioned
Social Control Theory Abadinsky (2007)	This macro theory suggests that individuals may refrain from committing white-collar crime if society and organisations have processes that prevent them from doing so
Theory of Organizational Crime Gross (1978)	This macro theory articulates that the internal structures and settings of an organisation and the management philosophies within it may cause employees to violate social laws and organisational rules to commit crime more readily. Thus, rapid promotions for making profit at any cost will legitimise unethical behaviour
Market-based theories	
Theory of Criminogenic Market Forces Leonard and Weber (1970)	This macro theory relates to the effect of market forces as a reason for committing criminal behaviour. It is connected to market structures and economic power. The theory holds that powerful corporations and monopolies may generate criminal conduct

(continued)

Table 4.3 (continued)

Market-based theories	
Rotten Apple Theory Punch (2003)	This macro theory uses the metaphor of the rotten apple to situate the blame for organisational criminality on one or a few rogue individuals. Thus, we hear of rogue traders or rogue entrepreneurs. This absolves the parent company or organisation from the overall blame. The theory can be extended to that of rotten barrels, where a whole sector of an industry or a company is implicated in the deviance. Human failure is held to be the problem, and not systemic values. Bad practice, a lack of resources and mismanagement are often blamed. An additional metaphor of rotten orchards refers to deviance at a systemic level
Alien Conspiracy Theory Lyman and Potter (2007)	This macro theory places the blame for much organised crime on outsider and ethnic groups. The theory is favoured by many elements of the media and absolves insiders from the suspicion of criminality. Law enforcement agencies may have self-serving reasons to promulgate this theory because it explains their inability to eliminate organised crime and disguises the role of business in such crime
Market Integrity Theory Fodor (2008)	This macro theory is concerned with the integrity of capital markets and is influenced by the levels of crime, the efficiency of law enforcement, fairness in competitive markets, access to information, effective regulation and prevention and confidence amongst market actors. Market misconduct is also a feature
Theory of Monopoly Chang et al. (2005)	Corporations and criminal organisations often operate via monopolistic activities. The theory implies that criminals have no other rational choice but to join the criminal organisation
Opportunity Theory Hill and Harris (1981)	This micro/macro theory relates to the opportunity to commit white-collar crime. Such opportunities vary between gender and job role. An opportunity implies the presence of a favourable combination of circumstances that render a possible course of action relevant. The theory is particularly relevant when individuals and groups can engage in illegal and unethical behaviour in the confidence that they will avoid detection and punishment

(continued)

Table 4.3 (continued)

Behavioural theories of crime	
Rational Choice Theory Lyman and Potter (2007)	This micro theory suggests that criminal actions are rational when the potential profit is great and the likelihood of punishment small. Rational criminals conduct risk assessment to determine the risks of detection and punishment and balance these against personal and financial rewards. Crimes which are too risky are avoided. The theory suggests that humans are selfish and focus on achieving their own goals
Deterrence Theory Lyman and Potter (2007)	This macro theory holds that crime can be reduced through the use of deterrents such as crime prevention and target hardening. Severe penalties may deter the commission of crime, whereas low penalties encourage it. This assumes a rational calculation on the part of the criminal actor
Socialization Theory Lyman and Potter (2007)	This macro theory suggests that certain crimes can be learned within specific occupational communities. A failure to meet cultural expectations of upward mobility may encourage and socialise new entrants into crime. Seeing others get away with committing crime is likely to encourage others to emulate it
Deviant Culture Theory Lyman and Potter (2007)	This macro theory suggests that joining a criminal sub-culture, irrespective of class, will increase the likelihood of committing white-collar crime. Sub-cultural values drive expected behaviour and is often linked to hedonism
Game Theory Krebs and Jenks (2003)	This macro theory argues that individuals act and react to others' actions. It is related to Utility Theory. In situations of uncertainty, players can choose from available strategies which offer differing probabilities of producing a possible outcome
Differential Association Theory Hansen (2009)	This macro theory suggests that persons associating with individuals with deviant or unlawful mores, values and norms, learn and adopt such criminal behaviour. It is an interaction-based theory
Self-Control Theory Hansen (2009)	This theory proposes that individuals commit crime because of low self-control. Persons with high self-control may not succumb to deviant behaviours
Social Bonding Theory Hansen (2009)	This macro theory proposes that the presence of belief, attachment, commitment and involvement may lead to criminal misdeeds based on the strength of bonds formed between corporate bad boys

(continued)

Table 4.3 (continued)

Behavioural theories of crime	
Exchange Theory Hansen (2009)	This macro theory relates to economic exchanges which occur as a consequence of attraction, competition, differentiation, integration and opposition
Control Balance Theory Hansen (2009).	This macro theory measures the potential for individuals to commit corporate crimes by utilising a ratio of control exercised relative to the degree of control experienced
Utility Theory Cain (2009)	This theory suggests that criminals maximise the utility from criminal behaviour. Expectation of utility increases when criminals are neither caught nor punished and total wealth increases. Detection and punishment have an inverse effect on Utility Theory
Obedience Theory Baird and Zelin (2009)	This macro/micro theory relates to three elements, namely, pressure, opportunity and rationalisation. These influence motivations to commit acts of occupational fraud. In some scenarios employees are subjected to direct pressure from those in authority and may fear losing their job. Compliant and conformity pressure may also come into play. Compliance pressure is applied by one's peer group, whilst conformity pressure results from a desire to conform to perceived group or societal norms. Charismatic leaders often have the ability to dominate those under their command
Corruption Theory Aguilera and Vadera (2008)	This macro theory maintains that complex corrupt practices can lead to the endemic commission of crime. Triggering factors include poorly designed economic policies, low levels of education, under-developed civil society and weak non-accountable public institutions. These can over-ride an individual's personal attitudes and social norms

Adapted from Gottschalk (2012a, b)

Sociological Theory There are numerous sociological theories of crime but the following three are most relevant to this study. These early theories formed the basis of later criminological research and thus criminological theory (see Table 4.4).

Psychological Theories These theories are generic to both criminology and entrepreneurship research and in the latter are often referred to as psycho-social theories because they involve both psychological and sociological aspects of behavioural actions. Whilst the trait approach to

Table 4.4 Sociological theories of criminal entrepreneurship

Anomie or Strain Theory Merton (1938)	In this macro theory Merton addressed biological explanations of deviance and concludes that biology cannot account for variations from one society to the next in the nature and extent of deviance. Merton highlighted the role played by particularly its unifying aspects. For Merton cultures and sub-cultures create deviance and disunity. Anomie refers to a situation in which cultural norms break down because of rapid change. Merton expanded the idea to include a situation in which there is an apparent lack of fit between the culture's norms about what constitutes success in life (<i>goals</i>) and the culture's norms about the appropriate ways to achieve those goals (<i>means</i>)
Illegitimate Opportunities Theory Cloward and Ohlin (1960)	This macro theory suggests that crimes result from a high number of illegitimate opportunities and not from a lack of legitimate ones
Routine Activities Theory Cohen and Felson (1979)	This macro/micro theory suggests that individuals operate on a daily basis based on carrying out routine activities which become embedded behaviours. Thus, entrepreneurs and criminals incorporate routine activities into their general modus operandi. Routine activity theory studies crime as an event and closely relates crime to its environment and emphasises its ecological process

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entrepreneurial and criminal behaviour is generally regarded as a theoretical dead end, there is growing interest in negative trait theory and conditions such as psychopathy, sociopathy, hedonism and addictions to alcohol, drugs and gambling. The latter are perhaps of relevance as an occupational hazard of criminal and hedonistic lifestyles. Examples of hubris, hedonism, misdemeanours, sharp practice bordering on criminality (tax avoidance and greed), vanity, excess and indiscretions are frequently levelled against entrepreneurs. See Table 4.5 for consideration of main theories.

This part of the matrix is at present incomplete, and scholars are encouraged to use their own theoretical understanding and knowledge to develop the matrix for their individual studies. This is a pragmatic

Table 4.5 Psychological theories influencing crimino-entrepreneurial behaviour

The dark side of entrepreneurship Kets de Vries (1985)	In this seminal article, Kets de Vries posited the notion of the entrepreneur as influenced by psychological issues and negative personality traits such as impulsivity, anti-authority mentalities and idiosyncrasies that make them difficult to work with or perhaps even misfits. They are often suspicious of the motives of others or have a controlling personality
Preoccupations with sex, money and happiness Kets de Vries (2009)	In this controversial book, Kets de Vries explores entrepreneurs' preoccupations with sex, money and happiness and often ignored human conditions such as sexuality and perversion and their influence on the Bohemian life of some entrepreneurs and CEOs. Kets de Vries also considers the sin of covetousness and wealth fatigue syndrome as well as articulating upon the role of happiness and in playfulness in creating a sense of being in entrepreneurs. In this prolonged discussion, the role of hedonism is explored
The role of hubris and hedonism Petit and Bollaert (2012)	In this theory entrepreneurial identity can be socially constructed from individual traits such as hubris and hedonism. Hubris and hedonism among CEOs and corporate employees is generally considered as an undesirable trait which produces unwelcome effects and is associated with many corporate failings. Hubris is comprised of a set of beliefs and behaviours, both psycho-pathological and unethical in nature, which characterise the problematic relationship of the 'hubris-infected CEO' towards his or her own self, others and the world at large. The hedonistic entrepreneur (or criminal) is driven by socially destructive forces
The dark triad Petit and Bollaert (2012) Douglas et al. (2012)	This developing micro theory holds that much criminality and entrepreneurial misbehaviour is driven by the 'dark triad' which is composed of psychological behaviours such as narcissism, Machiavellianism, psychopathy, macho behaviour, bullying and arrogance

approach because every academic and practitioner has a unique mind map of their subject and theories and concepts are often interchangeable. For example, in the widely used 'cultural web' framework of Johnson et al. (2012), it is possible to substitute one or two elements of the framework for others and still have an identifiable cultural web model.

4.3 The Model/Matrix Assembled

The model or matrix can be used as a template to investigate individual entrepreneurial or criminal narratives or case studies to establish which theoretical explanations are relevant. The approach used is akin to a theoretical pick and mix in that there may be more than one micro or macro theoretical explanation in any scenario. See Fig. 4.1 for the assembled model/matrix.

As indicated above the model/matrix is very much work in progress but nevertheless has the potential to shed much-needed theoretical light into our understandings of what constitutes crimino-entrepreneurial behaviour and thus predict how the theories underpinning it may influence future entrepreneurial behaviours. This more nuanced positioning enables scholars and practitioners to adopt a 'pick and mix' theoretical approach to take cognisance of other theoretical positions common in their respective fields. The matrix is also of importance because it spans two entirely different theoretical domains, namely, those of the criminal and the entrepreneurial. It is helpful for the following reasons:

- It encompasses and utilises complex behavioural information that spans the micro and macro level theory.
- In doing so, it develops a broader and more nuanced level of knowledge, because consideration of the entrepreneur only invariably leads one towards micro level theoretical explanations. Considering macro level theories adds much-needed multi- dimensionality and allows one to draw a more holistic picture.
- Single or mono level theories produce one-dimensional narratives, and because crimino-entrepreneurial behaviour is complex and multi-faceted, it obviously requires multi-level theorising. Thus, it is inevitable that it may require several layers of inter-connected theorising, in order to do justice to the complex socio-economic narrative that surrounds the criminal entrepreneur.
- Scenarios and stories, which involved criminal entrepreneurship, often involved complex layers of ideology, possibly multiple actors and a mix of individual and collective entrepreneurial behaviours including legal, illegal, moral, immoral and amoral actions.

Philosophical Underpinnings	Entrepreneurship Theory	Sociological Theories
Look for behavioural drivers: - The Self-help ethos The Spirit of Free Enterprise. The doctrine of Laissez-faire The Philosophy of the Market Place The Bourgeois mentality Doctrine of greed is good The Entrepreneurial Ideal The Capitalist Ideal The Corporate Ideal Localised and contextualised Enterprise Cultures	Anderson – Creation and extraction of value. Baumol (1990) – Productive, unproductive & Destructive. Baumol (1996) – criminal entrepreneurship as the imaginative pursuit of wealth with no regard to means. Smith (2009) – Entrepreneurial Modus Operandi.	Anomie Theory Strain Theory Illegitimate Opportunity Theory Routine Activities Theory
Axiological Underpinnings	Criminological Theories	Psychological Theories
Is the behaviour / activity: - Legal/Legitimate Moral Immoral Amoral Illicit Criminal/Illegal	Look for: - White Collar Criminality (Sutherland, 1939/1983). Management Theories Market Based Theories Behavioural Theories.	Look for signs of: - Negative Trait Theory Psychopathy Sociopathy Hedonism Addictions (Alcohol / Drugs / Gambling)

Fig. 4.1 Assembled model/matrix

The above requires further elaboration, in that, a criminal entrepreneur may simultaneously enact legitimate and illegitimate business strategies which involved themselves personally, but also possibly their firms and family. Their actions may involve complicity by other criminal or legitimate entrepreneurs and unwitting employees. Moreover, their clients may be legal business entities, or knowingly criminal or corrupt corporations. The matrix, or variations of it, have the potential to help us better understand individual cases of crimino-entrepreneurial behaviour from a theoretical perspective and therefore to be in a better position to profile and thus predict it in the future. This has immense potential in that if we could (1) predict future entrepreneurial behaviour, society could fund the predicted winners and (2) identify individuals with the potential to commit entrepreneurial financial crimes before they are committed. It sounds very much like science fiction but the science behind it is achievable. The list of possibilities and permutations are seemingly endless, making it necessary to employ multiple layers of theorising. Finally, because the matrix is protean, it does not include economic theories, nor theories such as bricolage, social capital or human capital—nor does it take cognisance of theories of social constructionism.

4.4 Discussion

From the above analysis, it can be seen that, from a theoretical perspective, criminal entrepreneurship is a complex socio-economic concept. The philosophical and axiological underpinnings discussed in the matrix inform and influence the resultant theoretical framework and thus the possible categories, typologies and constructs, including stereotypes that can emerge from the multi-level theorising. These can and are influenced by entrepreneurial, criminological, sociological and psychological theories as discussed above. When using the protean matrix, it is unlikely that the same combinations or permutations will result from the analysis. This is because of the idiosyncratic and unique factors involved in the operationalisation of crimino-entrepreneurial behaviour. The matrix provides a more nuanced understanding of the theoretical underpinnings of such behaviour. However, it should be borne in mind that because of the hid-

den nature of such behaviours, the absence of criminal acts does not necessarily prove that a subject under investigation is not a criminal entrepreneur—they may merely be adept at covering their tracks. It is also relevant that entrepreneurs, organised criminals and gangsters do generate stories, myth and legend around their exploits, thus the absence of a body of stories, is likely to indicate that the subject under scrutiny may be legitimate.

How does the above discussion help us to identify and potentially predict future crimino-entrepreneurial behaviour? This too is complex, but in general terms, active criminal entrepreneurs are likely to have several theoretical indicators to betray their criminality. It is therefore likely that they will display criminal tendencies in their personal, social and professional lives and identities. They are also likely to display psychological indicators as well. As profiling crimino-entrepreneurial behaviour becomes more practiced and legitimised, it is likely that it will become possible to develop specific generic entrepreneurial modus operandi that will provide a shortcut to identifying both entrepreneurs who are criminal and criminals who are entrepreneurial.

The matrix has the potential, when fully developed, to be useful as an analytical tool for law enforcement investigators, analysts and academics alike to provide a higher level of understanding of what is, after all, a very complex socio-economic process. The resultant analysis and narratives will be of use to both policy makers and politicians to create appropriate legislation to tackle what is now becoming a very pernicious social problem. At present, there is a wide gap in understanding between what we, as a society, regard as being entrepreneurial behaviour, as opposed to criminal behaviour. There are, at present, very few experts with the theoretical and operational knowledge base to make a significant difference. Whilst there are thousands of small and family business and corporate consultants, there are very few consultants with a knowledge of how to identify, predict and interdict crimino-entrepreneurial behaviour. As stated in the Introduction, there are very few courses or modules on criminal entrepreneurship and associated topics in either business schools, law departments or police colleges. There is a need to urgently address this shortfall and for more multi-disciplinary funded studies to be commissioned to develop new theories and understandings.

4.5 Conclusion

The aim of this chapter (in line with that of the book) was to examine behavioural aspects of different practices in the pursuit of entrepreneurial opportunities including the dark side of entrepreneurship (Kets De Vries 1985 and criminal entrepreneurship (Gottschalk 2008; Smith 2009). It was identified that the very term ‘criminal entrepreneurship’ itself was conceptual and theoretically bare, particularly in terms of its philosophical and theoretical underpinning. Nevertheless, it was established that it is a recognisable behaviour which can be categorised and profiled and therefore observed, predicted and thus influenced (as per Bartol and Bartol 2013). By virtue of disciplinary convention, it has become common practice to regard crime and entrepreneurship as separate theoretical entities when in fact they are inextricably interlinked and that ultimately entrepreneurial behaviour is a subset of entrepreneurial activities concerned with understanding, predicting and influencing individual behaviour in entrepreneurial settings (McAdam and Cunningham 2019). To better understand this process, it is necessary to synthesise our theoretical knowledge of both domains. This chapter makes a tentative start to the process, but it is necessary to acknowledge that to merge the two literatures would require a prolonged and serious course of study outwith the scope of this chapter or book. To help achieve this would require a change of mindset and a research agenda whereby entrepreneurship scholars would routinely need to consider how criminal behaviour could influence their theoretical standpoints as will be discussed below.

The potential for developing the matrix is phenomenal, albeit the proof of the usefulness of the matrix will come with frequent use.² However, from a purely methodological and data collection perspective, gaining research access to examples of crimino-entrepreneurial behaviour in real time to analyse is extremely problematic making the growth of more serious empirical studies unlikely in the short term. This lack of research access dictates that at present the best methodologies are those that make use of secondary data such as documentary research and netnography. There is a pressing need to negotiate research access to cases of criminality via the police and other law enforcement agencies but again

issues of access remain problematic. Other problematic issues include the fact that there are no journals which specialise in the area of criminal entrepreneurship and criminal enterprise. Perhaps there is scope for a new journal on the topic? It is of note that the *International Journal of Entrepreneurship Behaviour & Research* used to have it as a bullet point on their list of interests displayed on their home page, but this is no longer the case. As part of a future agenda, I would encourage journal editors to solicit more articles and cases on the topic and to flag it as a priority perhaps through more special issues or by inviting research notes and viewpoint articles in the first instance. Individual entrepreneurship scholars can also make an impact on the debate by (1) writing an inter-disciplinary article with colleagues in criminology or sociology; (2) considering including examples of criminal entrepreneurship in their data set instead of dismissing them as outliers; (3) expanding their individual research base by writing an article which applies their mainstream theories to examples of criminal entrepreneurship. All these suggestions on the agenda if implemented individually or collectively would make a significant difference to the legitimacy of the topic. A similar agenda would require to be implemented in the discipline of criminology.

Future work by the author and colleagues will examine the influence of other factors on the developing model including 'Documentary Evidence' (Scott 1990, 2006) and Semiotic Underpinnings. Documentary evidence is crucial because it takes cognisance of relevant stories in newspaper articles, in books/biographies, court records, from anecdotal evidence. Moreover, Internet articles and social media feeds are also relevant sources of data which can be used to profile past behaviours and thus predict future ones. This is vital and often socially constructed evidence which can be used to verify if a subject has an entrepreneurial or a criminal provenance. Documentary evidence and the stories can provide further evidence of an axiological or an epistemological nature. Over time documentary evidence can also help develop an ontology of events. Articles by investigative journalists can provide the basis of the subject's scripted entrepreneurial narrative. Not all entrepreneur nor criminal subjects will have come to adverse notice, and the more celebrity status they have, the more likely that they will be the subject of a book or biography.

These are valuable social documents which can be used to corroborate and justify subsequent classifications (see Smith 2013).

Semiotic analysis (see Smith and Anderson 2007) is also vital because it does a similar role in uncovering the significance of visual signs and behavioural cues from which one can make inferences from and therefore predict future entrepreneurial and crimino-entrepreneurial behaviours based on a profiling of past behaviours and visual data. For example, an analysis of property owned, vehicles used, personal grooming styles, artefacts and clothing worn and of associates can be very useful to build up a clearer picture. Look for displays of conspicuous consumption and gratuitous displays of wealth (Veblen 1899) and myopic capitalist imagery whereby the material symbols and semiotics of success legitimise both the legitimate and the criminal (Smith 2006). By profiling crimino-entrepreneurial behaviour and better understanding the semiotics of a myriad possible forms of criminal entrepreneurship, we will be able to determine how such criminals communicate, thereby expanding the work of Gambetta (2009).

There is therefore a need for a systematic discussion about the implications of such a research agenda with respect to entrepreneurial behaviour, looking beyond criminal entrepreneurial behaviour itself. The first step is to develop new theoretical models and understandings before considering how this type of behaviour impacts on everyday practices and mapping the potential implications for policy makers, regulators, firms and society. This is a different agenda and a separate debate in a parallel literature, but criminal entrepreneurship can be channelled into more socially legitimate forms of entrepreneurship such as social entrepreneurship and/or intrapreneurship.

Notes

1. It must be noted however that Professor Petter Gottschalk a renowned expert in criminal entrepreneurship does teach classes to police officers at the Norwegian Police Academy as well as teach Leadership at the Norwegian School of Management.

2. This author encourages readers to try out the framework on cases that they have knowledge and awareness of. This would make a good tutorial or student exercise. For example, students should be encouraged to use the framework to analyse and theorise (1) a television series such as “The Wire”, “Gomorra” or perhaps a movie such as *The Godfather* or *Lock, Stock and Two Smoking Barrels*; (2) alternatively, they can examine a novel whose character is an entrepreneur or a criminal; (3) newspaper articles on criminal and entrepreneurs; and (4) biographies of entrepreneurs and criminals. The purpose of the reading, in all cases, is to identify relevant theoretical influences in play, with a view to creating a typology of criminal and entrepreneurial actors.

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5

Entrepreneurial Behaviour and Effectuation: An Examination of Team Formation Processes

Cyrine Ben-Hafaïedh and Tiago Ratinho

5.1 Introduction

Entrepreneurial behaviour is generally defined as those concrete and observable actions that are required to start and grow a new organization (Bird et al. 2012; Gruber and MacMillan 2017). This definition is underpinned by a specific paradigm of entrepreneurship, that of new organization creation (Verstraete and Fayolle 2005; Gartner 1988). When showcasing select entrepreneurs' behaviours such as applying for external capital, communicating with customer, or planning marketing, Bird et al. (2012, 903) argue that, "in line with Gartner's (1988) definition", they focus on "the start-up stage where an opportunity is exploited. It does not include behaviours that lead to opportunity identification (...)". There is thus a left-censorship and, more generally, a focus on the study of very specific instances of entrepreneurial behaviours directly linked to activities essential to build a new business such as write a business plan,

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register a legal entity, or hire people. While all these established gestation activities are sound manifestations of a deliberate intention to build a business, emergent theories in entrepreneurship suggest that other activities may be part of entrepreneurial behaviour. Effectuation represents a popular example (Sarasvathy 2001). Often represented as “a decision-making framework that guides entrepreneurial action and behaviour” (Sarasvathy and Dew 2008, 732), the principles of effectuation are essentially a prescription for a few determined entrepreneurial behaviours (Perry et al. 2012).

Hence, this chapter is firstly an attempt to revisit the concept of entrepreneurial behaviour in the light of a prominent emergent theory of entrepreneurship, that is, effectuation. Secondly, this chapter argues that despite the focus on extant literature on individual entrepreneurial behaviour, the overwhelming majority of new ventures are started by entrepreneurial teams. In fact, the definition of entrepreneurial behaviour includes “individual *or team tasks*” (Bird and Schjoedt 2009, 328) (emphasis by the authors). Further, Bird et al. (2012, 890) argue that “the major goals of research on entrepreneurs’ behaviour are to explain, predict, and control (shape and change) behaviour at the individual and team level” deliberately not limiting the locus of entrepreneurial activity to the individual entrepreneur (Gartner et al. 1994). While entrepreneurship research does not fully reflect this reality, the field has accumulated wisdom on the prevalence of entrepreneurial teams, particularly in the context of high-technology firms which are disproportionately created by teams (Watson et al. 1995; Lechler 2001; Kollmann et al. 2016). Furthermore, a growing number of studies have shown that there are idiosyncratic concepts to teams, such as team mental models or shared leadership (Klotz et al. 2014; de Mol et al. 2015). Probably one of the most particular attributes of entrepreneurial teams compared to teams in other organizational contexts is team formation. Indeed, membership is not assigned by hierarchies in the case of entrepreneurial teams. Surprisingly, entrepreneurial team formation is one of the most under investigated topics about entrepreneurial teams (Ben-Hafaïedh 2017; Kim and Aldrich 2017), even though entrepreneurial team formation strongly imprints the future organization and impacts its performance (Klotz et al. 2014).

This chapter is an attempt to rethink the team formation processes as an example of entrepreneurial behaviour in light of emerging theories of entrepreneurship. We conceptualize team formation as independent of the immediate creation of a new venture and as one possible outcome of actions and interactions undertaken by aspiring entrepreneurs. Team formation process is thus shaped by entrepreneurial behaviour and interwoven in the surrounding context. More generally, we redefine entrepreneurial behaviour to include:

1. Actions not necessarily connected to the immediate creation of a new venture. If entrepreneurship is an iterative non-linear process highly embedded in its context, then entrepreneurial behaviour must include every action that individuals take to further their business idea. Some of these actions may not be connected directly to the creation of a business but are nevertheless valuable to the aspiring entrepreneur.
2. Interactions that are a direct result of deliberate actions that strengthen the entrepreneur's aspirations and are in line with her sense of purpose.
3. Actions that shape the context in which the entrepreneur operates. The context is both an input on which the entrepreneur bases her actions as well as a result of her own actions. Context is therefore co-created by the entrepreneur's actions and interactions.

This chapter firstly contributes to the literature on entrepreneurial behaviour by broadening the concept to include many entrepreneurial activities which, despite not being directly in the scope of the new venture creation entrepreneurship paradigm, reflect emergent theories in the field. Secondly, this chapter contributes to the entrepreneurial team literature that traditionally draws from organizational behaviour and strategy concepts at the expense of overlooking emerging entrepreneurship theories. This notably enables us to conceptualize the co-evolution of the team and the entrepreneurial opportunity. Thirdly, this chapter contributes to effectuation theory by discussing its implications for entrepreneurial behaviour as well as bringing in entrepreneurial teams to effectuation theorizing (Alsos and Clausen 2016).

The chapter unfolds as follows. We begin by presenting effectuation as entrepreneurial behaviour. We then turn our attention to entrepreneurial teams literature with an emphasis on team formation behaviour before proposing our effectual conceptual model of entrepreneurial team formation. Before concluding, we outline future research areas and discuss the implications of our model for research and practice.

5.2 Effectuation as Entrepreneurial Behaviour

Effectuation theory represents a new way of understanding entrepreneurial behaviour. Its principles are indeed prescriptions of given behaviours that entrepreneurs can use to build new ventures under conditions of uncertainty. Guided by an aspirational sense of mission, entrepreneurs take actions not necessarily intended to immediately create a new venture, move forward as a result of interactions with others, and shape the context in which they operate (Sarasvathy 2008). The introduction of the concept to the literature by Sarasvathy (2001) represented a paradigmatic shift in entrepreneurship scholarship. By challenging the dominant opportunity-individual nexus (see Shane 2003) in which individuals rationally pursue an opportunity, marshalling resources to attain a pre-defined clear goal, Sarasvathy (2001) suggests that entrepreneurs often start with what they have at hand and a sense of purpose. As they act, the aspiring entrepreneur creates her entrepreneurial opportunity by interacting with others, who may self-select to shape her ideas and, consequently, her goals. Flexibility, adaptation and learning are at the core of effectuation as well as the notion that the future cannot be predicted and, as a result, it is shaped by the entrepreneurs' actions. Effectuation theory is based on five principles:

1. *Start with what you have.* This principle posits that entrepreneurs begin their journey with a given set of means that includes personal aspirations, their knowledge and experience, their personal network of contacts at that moment in time. Effectual entrepreneurs concentrate their efforts to take actions made possible by these circumstances.
2. *Affordable loss.* In making decisions about resource acquisition and deployment, effectual entrepreneurs calculate how much they can

afford to lose as the basis for their initial investment necessary to take action. The affordable loss is akin to acceptable risk when the outcomes of any decision are unknowable.

3. *Partnerships* are developed through self-selection. Instead of recruiting and hiring employees, or undertaking a strategic search for partners, effectual entrepreneurs remain open to those who wish to partner when taking each action. Forfeiting control of the venture is offset by an increased set of means which add to the resources endowment and generate new possible attainable goals and outcomes.
4. *Leveraging contingencies* as a mechanism to transform potential adverse external circumstances in beneficial adaptation for the new venture. Effectual entrepreneurs do not engage in risk analysis and look at contingencies as stimuli for new actions.
5. *Non-predictive-based control*. Since the future is unknowable, our entrepreneur does not try to predict it but rather to control it through her actions and interactions. Although last in our list, this principle is the overarching principle of effectuation theory.

Prior research in effectuation has dealt with attempting to demonstrate empirically the existence of the main construct and sub-constructs (see for instance Chandler et al. 2011). While the concept has entered classrooms around the world and proven popular amongst educators and entrepreneurs, academics have vocally alerted to the lack of empirical validation and theoretical soundness (Arend et al. 2015). Importantly, the link with performance has not been empirically demonstrated yet which, in turn, leads to confusion as to how to use effectuation and to what end (Perry et al. 2012). For the purposes of this contribution, we highlight a few advances of effectuation literature that can directly inform the process of entrepreneurial team formation.

5.2.1 Dynamic Model of Effectuation

At its core, effectuation theory emphasizes experimentation and iteration as expressions of action and interaction entrepreneurship experience in their search for an entrepreneurial opportunity. The five effectuation principles described earlier can be then placed in an optimal sequence

that explains how entrepreneurs build their resource base and create entrepreneurial opportunities in the form of new markets (see Fig. 5.1).

5.2.2 Combination of Effectuation and Causation

Effectuation theory is often described as opposed to traditional approaches to entrepreneurship that emphasize planning, forecasting, and deliberate opportunity search—this model has been called causation celebrating its philosophical roots of near perfect identified causal relationships that can reasonably be extrapolated to accurately predict the future. As effectuation theorizing matures, more nuanced approaches emerged not necessarily opposing the two modes (causation and effectuation) but rather combining them and attempting to understand under which circumstances entrepreneurs should deploy each strategy.

Wiltbank and colleagues propose a theoretical model of several possible strategies based on different levels of prediction and control (Wiltbank et al. 2006). High emphasis on prediction coupled with a low emphasis on control gives way to planning—a strategy that prescribes prediction as the basis for action. Conversely, high emphasis on control and a low

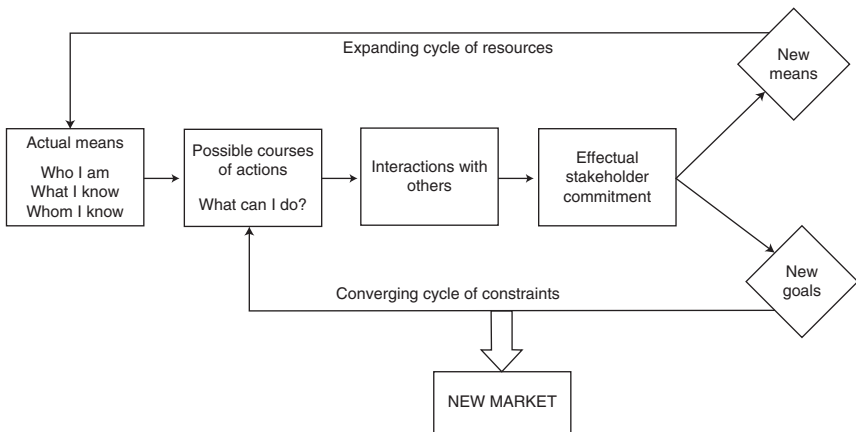


Fig. 5.1 Dynamic model of effectuation. (Adapted from Read and Sarasvathy 2005, 35)

emphasis on prediction originate a transformative strategy in which the current means are used to collaboratively co-create goals and build a possible future; effectuation is one example of a transformative strategy (Wiltbank et al. 2006).

Several empirical contributions found combinations more or less simultaneous of effectuation and causation logics. High levels of perceived external uncertainty and a less advantageous resources base trigger effectual logics as the basis for strategic decision-making (Reymen et al. 2015). The combination of these different and seemingly opposed logics has also been found to be synergistic (Smolka et al. 2018).

5.3 Entrepreneurial Teams

There are numerous denominations used for entrepreneurial teams in the literature such as new venture teams, new venture top management teams, founding teams, and start-up teams (Schjoedt et al. 2013). Authors do not always define the term they use (Schjoedt and Kraus 2009) but those who do generally operationalize a combination of two or three of the following criteria: founder (responsible for formally starting the company), owner (significant equity interest), and top manager (involved in strategic decision-making) (Ensley et al. 2002). One of the most recent literature reviews uses the “new venture team” terminology and offers what is probably the most lax definition of entrepreneurial teams, as it does not mention the founder status nor the ownership criterion. The entrepreneurial team is here akin to a new venture top management team (Ben-Hafaïedh 2017): “the group of individuals that is chiefly responsible for the strategic decision making and ongoing operations of a new venture” (Klotz et al. 2014, 227). We adopt a more conservative approach, and follow seminal scholars on the topic of entrepreneurial teams who notably excluded from the entrepreneurial team (early) employees while recognizing them as an important internal group (Bird 1989; Vesper 1980). By using this narrower delineation of entrepreneurial teams, we assume theoretically that this group has a greater influence in the early stages of the company and therefore a longer-lasting imprinting effect on the new venture as it matures.

5.3.1 Entrepreneurial Teams Research

Entrepreneurial teams research has a history of (heavily) drawing on research from top management teams research first (the literature on upper echelons theory (Hambrick and Mason 1984)) and organizational behaviour second (Klotz et al. 2014). Scholars have alerted on the risks of transposing research from non-entrepreneurship contexts and teams to the entrepreneurial teams field (Foo 2011; Klotz et al. 2014) given the significant differences in context and scope: entrepreneurial teams operate in a simple structure (a new venture) and do not have clearly defined executive or tactical/operational functions as top management teams or traditional work groups, respectively. Moreover, entrepreneurial teams form “naturally” (Kim and Aldrich 2017). Nevertheless, entrepreneurship researchers followed the lead of upper echelons researchers in examining the impact of team composition on new venture performance. They obtained the same mitigated results. A recent meta-analysis shows that, overall, entrepreneurial team composition does impact new venture performance but the specific dimensions, of diversity notably, are not so clear (Jin et al. 2016). Recent research appears to be trying to solve this issue of inconsistency by following suggestions such as those Joshi et al. (2011) formulated: (a) reconceptualising the diversity variables, (b) incorporating mediating mechanisms, and (c) a greater emphasis on contextual moderators. For example, entrepreneurial teams’ research is attempting to move away from demographic team composition to take into consideration deeper-level factors (Schjoedt and Kraus 2009), such as personality, for example, (Klotz et al. 2014; Khan et al. 2015, 2014; Schoss et al. 2017).

Recent research is also benefiting from the introduction of the IMOI (input-mediator-output-input) framework (Ilgen et al. 2005) in lieu of the classical I-P-O one (input-process-output). Mediators are differentiated into processes and emergent states (Marks et al. 2001). The latter “describe cognitive, motivational, and affective states of teams, as opposed to the nature of their member interaction” (Marks et al. 2001, 357). Shared leadership, that is, a state where leading behaviour is manifested by the team as a whole and not just a single individual, is an important emergent state for entrepreneurial teams (Ensley et al. 2003, 2006;

Hmieleski et al. 2012; Zhou and Vredenburg 2017). de Mol et al. (2015) offer a review of cognitive states in entrepreneurial teams research (strategic consensus, shared strategic cognition, transactive memory systems, shared mental models, collective cognition, collective memory, collective vision, team creative cognition) and their possible interactions with processes that can be task work or teamwork-related. Overall, entrepreneurial teams research can be examined along team developmental stages with three key areas: (1) forming, (2) functioning, and (3) evolving. In this chapter, we chose to focus on the first.

5.3.2 Forming Stage

The reasons for venturing in a team rather than solo are numerous. Team entrepreneurs generally put forward resource-based motivations: having or accessing more resources and skills, and possibly more diversified, as well as their belief in the superiority of team projects (Ben-Hafaïedh 2013; Moreau 2005). They also mention more social motivations, such as support need and a gusto for team work. Finally, some motivations are more extrinsic, even if they are internalized: entrepreneurs believe that important stakeholders, future investors for example, will be more favourable to a team rather than a solo venture (Moreau 2005). In terms of behaviours, the literature distinguishes two starting points: the idea or the group. Kamm and Nurick (1993) argue that on the one hand an entrepreneurial team can start from an individual entrepreneur who has an idea and who then looks for prospective team members. They term this the “lead entrepreneur” approach even though the initial entrepreneur is not necessarily going to be the leader of the team. On the other hand, Kamm and Nurick (1993) suggest that an entrepreneurial team can be formed on the basis of a group of people who come together regardless of whether they have an identified business idea or not. This is the “group approach” (Kamm and Nurick 1993). Cooney (2005) makes a similar suggestion and discusses three central elements to his process of enterprise formation model: the idea, the team, and the implementation of the idea (Fig. 5.2). First, he focuses on the idea and its origin. The idea can be conceived by an individual before the forma-

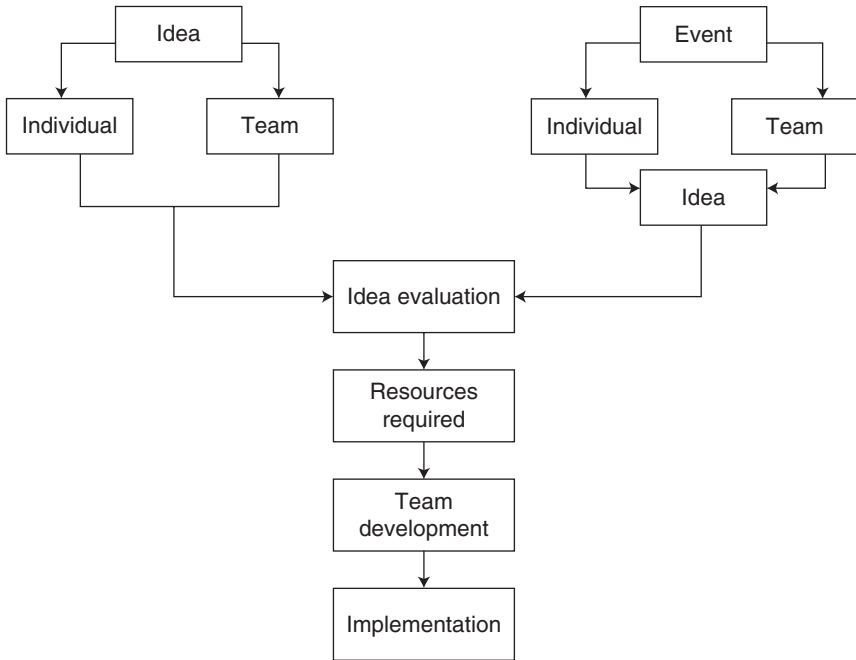


Fig. 5.2 Process of enterprise formation. (Adapted from Cooney 2005, 232)

tion of the team, or it can be created and developed by a team (Cooney 2005). Compared to Kamm and Nurick's (1993) propositions, Cooney (2005, 231) specifies that in the "group approach", "the idea is created and developed by the team and has been conceived for the specific purposes of the team".

Once these two starting points considered, we notice that Cooney's (2005) model continues with a strategic, resource-based approach: the idea is evaluated and the required resources shape the development of the team. Forbes et al. (2006) argue that there are two general explanations for new member addition in the entrepreneurial team literature. The first explanation is resource-seeking oriented, driven by instrumental considerations as the objective is to fill a resource gap after having identified a resource problem and undertaken a problemistic search. The second explanation "(...) sees the addition process as driven primarily by interpersonal attraction and by social networks" (Forbes et al. 2006, 227).

The existing and new team members already know each other, and the objective is to satisfy social-psychological goals of existing members (Forbes et al. 2006).

While these explanations seem to be dichotomous, the literature recognizes on the contrary that they are not mutually exclusive (Forbes et al. 2006; Grossman et al. 2012). Missing though is an understanding of how precisely they might combine. Moreover, while it is recognized that the process of entrepreneurial team formation is entwined with the identification and the refinement of the business opportunity, the literature does not inform us on how they influence each other (Ben-Hafaïedh 2017; Kamm et al. 1990; Discua Cruz et al. 2013).

Finally, what the two main theoretical approaches to entrepreneurial team formation have in common is that they are goal-driven from the beginning. This is particularly clear in the resource-based approach where the initial entrepreneur or group will be looking for a new team member (or more) in order to fill resource gaps. But it is also the case in the social-psychological approach, albeit differently, as the initial entrepreneur or group is driven by social-psychological goals. These two goal-oriented theoretical approaches contrast with contemporary entrepreneurship emerging theories such as effectuation. We now turn our attention to building a conceptual model for entrepreneurial team formation behaviour from an effectuation perspective.

5.4 An Effectual Model of Entrepreneurial Team Formation

We propose a conceptual model of entrepreneurial team formation inspired by effectuation—an emerging theory in entrepreneurship (Fig. 5.3). Against this backdrop, team formation is not necessarily connected to the immediate creation of a new venture, is a possible outcome of actions undertaken by the aspiring entrepreneur, and is placed in the context in which these actions are taken. Our working definition of entrepreneurial behaviour implies that actions and interactions are the building blocks of the team formation process that can possibly crystalize in commitments to actionable outcomes.

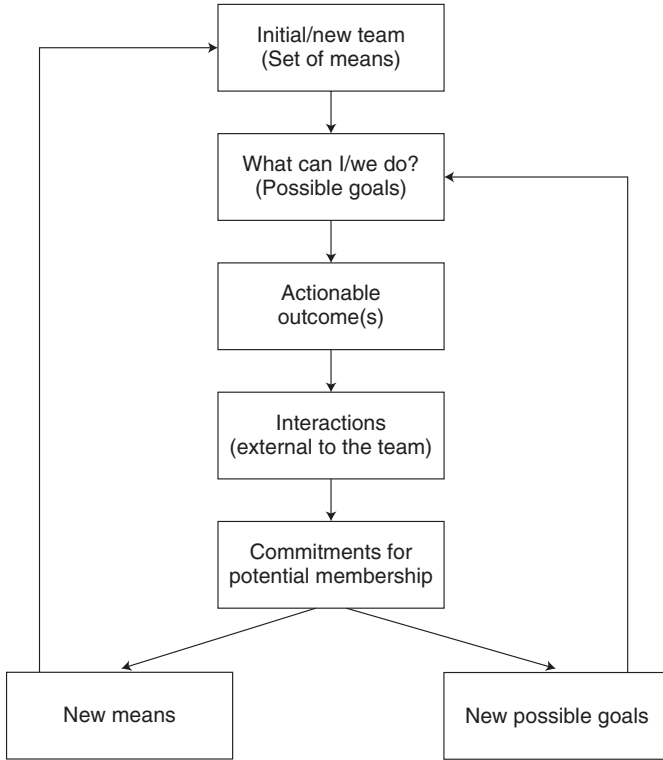


Fig. 5.3 An effectual conceptual model of entrepreneurial team formation

We consider the team formation process somewhat more generally than prior research in that we conceptualize both admission and exclusion from an existing team at a particular point in time. In other words, we expand the traditional scope of the team formation process to team adjustment and put at the very end of the main process branch the new team’s possible goals and means. The team formation process is iterative and, as a result, we deliberately add two feedback loops: one connecting the commitments by the new team members to a new initial set of means; another loop connects the commitments by the new team members to the new possible goals they collectively can consider as the basis for actions to be taken.

The process starts with a given initial team of one or more members. Opportunity creation and team formation process unfold simultaneously which implies that, at this point in time, the team member(s) ponder which possible goals can be attained given the available set of means. With a determined possible goal selected, she/they agree on an actionable outcome, or a set of actionable outcomes, that will necessarily lead her/them to interact with people external to the team. Of all the interactions with people external to the team, some may have as direct consequence a commitment to be team member which will lead to new team composition. Conceptually, commitments may also lead to team member exclusion or replacement.

We now present a thought experiment describing an imaginary journey of an entrepreneur who develops her business from scratch to illustrate our conceptual model.

5.4.1 A Thought Experiment: An Imaginary Journey to Build a Social Venture¹

About to finish her graduate studies, Agathe (*initial team*) is passionate about humanitarian work and with a sense of urgency to help refugees who keep arriving in her country. “Cooking is something that almost anyone can do and even the worst cook in their country of origin would know more about that particular cuisine than we know here”, she reasons while thinking about the easiest employable activity. Indeed, a quick search on the internet reveals only a few decent options of ethnic restaurants in her city, and, as a result, the idea of opening an ethnic cuisine restaurant starts taking shape in her mind (*possible goals*).

“I’ll only employ refugees because those are the people I wish to help”, she shares with a college colleague acquaintance (*interactions*). “Be careful, Agathe, it’s really difficult to employ migrants, refugees, or other recent arrivals to our country, they don’t have any papers, you know that, right? I’m doing voluntary work on weekends for a local charity helping refugees to get settled in my district and we struggle to even get their kids to public schools”, he says while sipping a beer in a warm Spring sunny afternoon. “Wow!, I didn’t know you were working so closely with real

refugees. That charity of yours could be an interesting starting point for me to look for people to work for me”, she offers (to the *prospective member*). The answer was lukewarm: “I don’t think the people running the charity would authorize you to do that – after all, we’re supposed to assist them to become fully integrated, not encourage them to work illegally. I wish I could help though but I hate cooking and kitchens, even the smells gross me out!”. Not that she was looking, but a potential partnership with was quickly discarded.

To learn more about the restaurant industry, Agathe reaches out to a local chef-entrepreneur cold-calling him on social media, his restaurant and a dubious email address found online (*actionable outcome*). She’s radiant to see his reply on her inbox and quickly arranges to meet him in one of his fancy restaurants (*interactions*). For unfathomable reasons, he seems distracted and very dismissive of her ideas and doesn’t seem to relate to her humanitarian drive. Nevertheless, he mentions a few times a sous-chef who has successfully introduced new ingredients in his dishes: “Moussa is his name, I think he came from Mali when he was a child”, he says.

A few days later, she sits down with Moussa after she found him on social media and they immediately hit a chord. “My family and I came to this country when I was a kid and we were fortunate to have survived the trip”, he says while recalling the hardships of the seemingly endless trip through deserts and seas in the hands of human traffickers. “That is a noble venture indeed where I wouldn’t mind working for” (*prospective member self-selection*). “Oh, that sounds wonderful... are you serious?”, she jumps in excitement. “Yeah, but...” he adds with a sad tone, “... I’m moving at the end of the month to my home town as my mother is gravely ill and I must see my family, at least for while”. “Where is that?”, she asks. “It’s near the border, close to the sea”. “Oh, isn’t that massive refugee camp located nearby?” They both smile at the sudden realization: they will work together on this venture in his hometown (*commitment*).

Some weeks later, Agathe finds a small pied-a-terre in the coastal city, and while taking shelter from a sudden Summer shower, she recognizes a familiar face from her early college years. “Sally...?” “Omg Agathe, I can’t believe we met after all these years, haven’t seen you since we did that theatre play together, right?, what are you doing in town?” (*interactions*).

“I have been spending a lot of time here – currently trying to open a restaurant in town to help refugees to find a job and integrate better in our country”, she affirms with determination adding “My chef grew up here so we decided to start our venture in the city”. “Are you open already? Where it is? I’m curious!” “Actually, finding a location has been the most challenging – any space ready for a commercial restaurant is super expensive and, if it’s not the right layout then we must build it ourselves and we’re not exactly sitting on a pile of cash.... We have everything else lined up: he’s Malian so we’ll go for Malian cuisine and employ refugees. Haven’t figured out yet how to circumvent the fact that most are undocumented...”. Her former theatre buddy smiled: “Well, plenty of small business employ refugees in town since we’re so close to the border – at my dad’s small business we use to also; you can always have a tip box, call it donations, and that way it’s not really a salary”.

“I mean, there won’t be social or pension contributions until the refugees get their papers but at least it’s not an illegal salary for the company or begging on the streets”, Agathe thinks out loud with Moussa. “Sure, it could work specially in a restaurant where people are used to tip at least some pocket change. If we explain this to customers, I’m sure we can get higher tips”. “We still have to find a location – did you talk to your realtor cousin? Anything new?” “He couldn’t find anything in our price range”, he says moments before Sally arrives at their table. After a quick introduction Moussa and Sally (*more interactions*) realize they may have met before as they both grew up in the same city. “So I lived close to my dad’s company, beyond the train tracks at the foothills, you know, where the old industrial warehouses used to be – that neighbourhood has changed so much lately. Companies closed down – my dad’s as well by the way – and new things are opening quickly”. Agathe’s and Moussa’s curiosity is growing as Sally continues. “There a new brewery with a taste room, a co-working space, an events room, modelling agencies, it’s becoming a new popular hangout place here in town – we should definitely go get a drink there after dinner”. Sally’s suggestion is quickly agreed on.

“This reminds me of some places in East Berlin”, Agathe says as they take the stairs up to the roof of an old warehouse after establishing that the old cranky cargo lift is not working. “I told you it was cool, right?”, Sally asks with a hint of pride for having moved the party to the up and coming off

the beaten track neighbourhood, “Here’s my dad’s building just across the street – he’s still sad that he had to close but it was not worth to be open”. “Wow, it’s huge”, Moussa says as he admires the old three-storey factory, “So your family still owns it?”, he asks. “We’re deciding what to do with it. City Hall has contacted us because they may change zoning rules to allow new construction here but we haven’t really decided”. Moussa and Agathe cry almost at the same time “Have you thought about opening a restaurant there?” (*possible commitment*).

Days go by before Sally calls Agathe. “So, I’ve spoken to my dad as it turns out that there is a commercial kitchen on site – the factory gave work to more than 200 people so it should be quite big”. “Can we visit it?” Agathe asks. “Sure, let’s go this evening. Bring Moussa”.

“This is awesome!”, Moussa cries as the girls look around to appreciate the industrial atmosphere of the space, “I could have cooking stations here and there”, he gestures, “move the refrigerators there”, he continues thinking aloud. “By the way, I went to the refugee camp today and got to know some of the community leaders”, Sally shares, “good chance that we can bring in many people to learn cooking here”.

They open right before Fall brings colder days. Sally’s dad has agreed to let them use the space free of charge for at least a year provided that they take care of it entirely and no major renovation works are performed. “I want the building to remain before we know that City Hall is planning for this area”, he explained. The inaugural night is glorious. People gather around the bar while waiting for a table while Sally goes around distributing information about the refugee camp and how the government intends to shut it down. “We could house a few families here, we surely have room!”, she says several times during the evening, “but that would not solve the problem entirely”.

The Winter was very generous for the three entrepreneurs. The restaurant is well reviewed locally, the social character of the venture celebrated by the press, and they are even featured on a national news piece about grassroots initiatives to integrate refugees. Sally is the public face of the restaurant, while Agathe and Moussa deal with daily operations. One Spring night after they close, they realize it has been one year since they met and started to envisage this joint venture. As they close that evening, they discussed Sally’s pronounced activism. “I mean, it’s great that she

takes these matters with such dedication. I'm not sure if I want to do this for much longer – I always wanted to run my own kitchen and not just train people”, Moussa confides. “Seriously?” Agathe blurts out immediately, “But how can we manage without you?”.

Before the start of Summer, Moussa announces his amicable departure from the team (*commitment* and *team adjustment*). Shortly after, Agathe and Sally change the business model to a more socially oriented venture in which the restaurant becomes just a component. The site houses now a makers space with micro manufacturing machinery, a commercial kitchen, as well as computer labs to train refugees in several crafts. The neighbourhood continued to develop and, thanks to Agathe and Sally's social venture, nearby businesses began to hire more refugees and immigrants.

5.5 Discussion

This chapter represents a modest attempt to update entrepreneurial behaviour conceptualizations in light of emerging theories of entrepreneurship. We use the examples of team formation processes to illustrate the profound implications of rethinking entrepreneurial behaviour. We make several main contributions to the three streams of literature.

5.5.1 Entrepreneurial Behaviour

Firstly, we add to the body of work on entrepreneurial behaviour by broadening the concept, putting action and interactions in its core, and bringing the surrounding environment to the sphere of influence of the entrepreneurs' actions. Our view of entrepreneurial behaviour is broader in the sense that we consider activities that are not carried to immediately create a new venture. We thus view entrepreneurial behaviour to be at its core about actions that move entrepreneurs forward espousing the prevalent view in practitioners' literature that entrepreneurship is about doing and practice (Blank and Dorf 2012; Ries 2011). This is in line with recent literature that also questions the current view of entrepreneurial behav-

ious. For example, Gruber and MacMillan (2017) base their paper on the premise that entrepreneurial behaviour is not solely driven by economic motives and therefore does not necessarily imply the creation of a for-profit business. This leads them to propose a reconceptualization and extension of entrepreneurial behaviour based on identity theory (Gruber and MacMillan 2017). Moreover, we add interactions as a result of actions undertaken by entrepreneurs at the core of entrepreneurial behaviour. If taking actions is important, ensuring interactions with others and making sense of those is crucial to identify entrepreneurial behaviour. One possible outcome of interactions during the aspiring entrepreneur's forays is the formation of a team. Our view also considers that entrepreneurial behaviour and the context cannot be dissociated. Entrepreneurship actions are motivated by interactions with the environment and in its turn shape the future context in which they will operate.

5.5.2 Entrepreneurial Team Formation

Secondly, we contribute to the entrepreneurial team literature by advancing a novel conceptual framework for understanding team formation inspired by contemporary theories of entrepreneurship. In contrast with Cooney (2005), the thread in our model is not resource acquisition intended to implement a new idea initiated either by a lead entrepreneur or an event that brings together individuals for the pursuit of an entrepreneurial opportunity. We conceptualize actions and interactions that may result in a commitment to an actionable outcome as the building blocks of the team formation process. We recast business idea development and team formation process as indissociable from one another. In our model, a prospective team member will not be admitted to the team if she does not commit to an imminent action together with the existing team. The process of team formation unfolds then as prospective and current team members commit to actions they collectively agree on and deem as attainable in a foreseeable close future. Entrepreneurial behaviour is often seen as activities directed at creating and guaranteeing the viability of new ventures. By considering conceptually the interdependence of the team formation and the idea development, we are also suggesting that the team

Table 5.1 Causal and effectual team formation processes

	Causal	Effectual
Identification / Search	Events + Ideas	combined in Action and interaction
Selection	Resource-based/Social-Psychological	combined in Commitments

behaviour cannot be seen as independently of the context. In other words, the team’s behaviour is not so much reacting to contextual conditions but inexorably shaping the context. The conceptual model we propose is iterative and suggests that both team admission and exclusion can follow the same logic but with the lack of commitment to the actionable outcome being the self-exclusion in the latter. Finally, we posit that team formation is not triggered by an identified need but rather as an outcome of actions of entrepreneurs and interactions with people external to the team.

Prior team formation process conceptualizations have been more nuanced in literature. For instance, Cooney (2005) conceptualizes two starting points for the team formation process: idea or event. The underlying view is that entrepreneurship is an essentially goal-driven endeavour, that is, that entrepreneurs have either a resource goal in mind and, consequentially, look for a new team members who can add to the resource pool; or a social-psychological goal in mind and, as a result, look for kindred team members (Forbes et al. 2006). Our proposed model is in a way an expansion of the insight that entrepreneurs convene for emotional reasons prior to having a defined business idea (Cooney 2005); the difference is that we never dissociate idea and team formation. When we consider the stages of the team formation process, our model assumes that there is no goal-driven search but rather that entrepreneurs interact with people external to the team when taking actions related to the developing their venture. In a sense, this is related to what Forbes et al. (2006) called passive search, that is, entrepreneurs do not always undertake search; they may merely act if and when a prospective team member is identified with more or less serendipitously circumstances.

In Table 5.1, we classify extant literature on team formation process as effectual and causal approaches. We see that our proposed model repre-

sents less of a disruption with prior literature and more a combination of what researchers on this topic have been proposing in the past decades. We argue that the development of the field in this direction is particularly pertinent as we do not necessarily see value in a dichotomous approach to team formation especially when the theoretical foundations are not from entrepreneurship studies. For instance, prior researchers have conceptualized homophilous ties as representative of the social-psychological approach in which entrepreneurs coalesce for personal reasons without necessarily having a prior idea (e.g. Ruef 2002; Ruef et al. 2003). This is however at odds with a typical situation in which *friends* may gather around an idea but also possess complementary skills they bring to the development of the business idea. In emphasizing actions, interactions, and commitments, our approach breaks with these existing dichotomies by combining them.

Where we do differ substantially from prior research in entrepreneurial teams is by considering the basic unit of team formation as the commitment by an individual or group of individuals to an actionable outcome (see Fig. 5.3). In contrast with prior models, which often define a clear starting point (e.g. Kamm and Nurick 1993), our model inspired by effectuation theory is in essence an iterative loop that explains and predicts how entrepreneurial teams are formed and adjusted (members addition and exclusion).

Finally, our model is based on the notion that teams, their boundaries, are more fluid when compared to prior conceptualizations. In including clearly in our theorizing both team admission and exclusion process, we are acknowledging that start-ups' teams are increasingly dynamic and that entrepreneurs may enter and exit multiple teams. The basis for these team member adjustments can be the same whether a member is added or subtracted from the team: commitment (or lack thereof) to actionable outcomes.

5.5.3 Effectuation

Thirdly, we contribute the current discussion on effectuation theory's tenets by conceptualizing its implications for entrepreneurial behaviour and more specifically team formation process. As a relatively young the-

ory that is still being currently subjected to much scrutinizing by the scholarly community (e.g. Arend et al. 2015), effectuation theorizing needs to grapple with the elusive nature of some of its assumptions, core tenets, and prescriptive corollaries. By building on one single concept—entrepreneurial behaviour—we have shown the implications of applying effectuation to developing our understanding of team formation processes.

5.5.4 Limitations and Further Research

No study is without limitations. Firstly, we have not conceptualized any direct theoretical impact on new venture performance. As a conceptual process designed to explain how entrepreneurial teams are formed and its composition altered, we do not make any explicit normative conjectures about impact on long-term performance or survival of the new venture if and when is established to exploit an entrepreneurial opportunity. Based on what is already known from effectuation research, we can however speculate that in certain contexts such as high technology, in which disruptive innovations are more common, teams should be formed through action-interaction. By making the environmental attributes endogenous to the model, the entrepreneurial team is likely to be formed by members who are better suited to as their selection is dependent on interaction geared towards future actions. Future research can attempt to theorize about the boundary conditions of our model as well as the environment factors such as industry dynamism that can shape the team formation process.

Secondly, there is a strong possibility that both the individual-opportunity and the action-interaction models for entrepreneurial team formation can co-exist within the same team or even at the same time. The main contingency in this case is the stage of development of the new venture. For instance, the entrepreneurial team at a given time may be searching for very specialized expertise to carry a pre-identified task that, at that point, necessitates very little refinement from a new member. The linear model in which the entrepreneurial team searches deliberately for a new member for her resources endowment may be suitable. Further, if teams can combine effectual and causal logics overtime contingent on

environment uncertainty and development stage, then it is also possible that combinations of effectual and causal logics emerge among the team members at a given point in time. Research can in the future try to understand which internal or external factors determine the team's choice to adjust its member composition follow each logic.

5.5.5 Practical Implications

Our model has several implications for entrepreneurs and entrepreneurial education and training institutions. Firstly, entrepreneurs should be aware that team members should be self-selected and not recruited. This view is in contrast with common wisdom in which entrepreneurs are led to think that because teams perform generally better than individuals, forming a team under any circumstances will increase survival chances and long-term performance. However, caution should be exercised about how exactly to go about team formation. Prospective members should not be vetted by their backgrounds or experiences (like a regular job interview would suggest) but rather should self-select themselves by committing to an imminent and attainable action towards developing the business idea.

Secondly, the notion that commitment is the bonding element to form a team reinforces that deliberate practice is the basis for entrepreneurial learning. Often, entrepreneurial teams are advised to consider factors such complementarity of skills, strengths of social ties, and trust when forming a team (Kim and Aldrich 2017). However, as important as all these factors are, our model suggests that commitment and action can be equally or more revelatory when forming stronger teams. When team members envision possible goals and actionable outcomes, they are essentially applying all their skills to the development of a concrete entrepreneurial opportunity rather than theoretically assessing each other's selection factors. Thirdly, team members' adjustment through exclusion is a possibility worth considering. As undesirable as it may sound, if a determined team member does not commit to a certain action, her mutually consensual exclusion should be a possibility as opposed to a "tyranny of the majority".

5.6 Conclusions

This chapter set out to show a fresh perspective on entrepreneurial team formation behaviour as an example of a novel understanding of entrepreneurial behaviour in line with an emergent theory of entrepreneurship—effectuation. Given the prevalence of entrepreneurial teams in the new venture population, it is surprising how little research is done on this topic. We put forth a conceptual model that takes the environmental attributes as endogenous to the model as the basis for team formation actions and interaction of existing team members at a given point in time. We make two distinct contributions. First, we challenge head on the accepted wisdom on entrepreneurial teams that views team-level phenomena as goal-driven and revolving around a given exogenous entrepreneurial opportunity. Second, we extend effectuation literature showing how team-level effectuation involves not only the creation of an opportunity but also the almost unavoidable process of team composition. We sincerely hope our model inspires other researchers interested in entrepreneurship and teams to pursue empirical designs to test our model and advance our understanding of entrepreneurial teams.

Note

1. While not very common in management studies, thought experiments have been used in natural and social science and are a powerful tool to understand theoretical concepts (Gendler 2000). The most famous example is that of Schrodinger's cat, a paradox created to illustrate quantum interpretation of random subatomic events.

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Part II

Entrepreneurial Behaviour and Universities



6

Stimulating Entrepreneurial Behaviour Through Start-Up Competitions: Current Features of Provision in UK Higher Education Institutions

Kayleigh Watson

6.1 Introduction

Within the context of higher education institutions (HEIs) the start-up competition (SUC) is an intervention which invites current and/or aspirant nascent entrepreneurs from the university community to bring forward new venture ideas, which are then judged against each other on their perceived merits and viability so that the 'best' ideas can be identified and rewarded. The SUC is adopted here as an umbrella term, encompassing interventions which might commonly be named: business plan competitions, business plan contests, business planning competitions, enterprise challenges, idea challenges, pitching competitions, business design competitions, business idea competition, business venture competitions. Over the past four decades, these competitions have become a common feature of the higher education landscape, occupying a position

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at the intersection of start-up support and entrepreneurship education provision (Florin et al. 2007; Katz 2003; Passaro et al. 2017; Pittaway et al. 2015; Russell et al. 2008; Watson and McGowan 2017; Watson et al. 2014, 2015, 2018).

SUC provision is driven by an overarching purpose of stimulating and supporting both the quantity and quality of nascent entrepreneurial behaviour (Passaro et al. 2017; Schwartz et al. 2013) amongst university students, staff and graduates from across subject disciplines (Russell et al. 2008; Thomas et al. 2014; Sekula et al. 2009; Seymour 2002). Typically on account of the entrepreneurial learning, networking, support and financial opportunities provided through the experience (Hegarty 2006; Russell et al. 2008; Roldan et al. 2005; Sekula et al. 2009).

The aim of this chapter is to explore the features of SUC competition provision within the UK higher education context and discuss the implications of such provision in nurturing nascent entrepreneurial behaviour. Such a focus is timely. Despite an observed prevalence of SUCs in practice and the extensive resources this necessitates. Current understanding about the nature of these competitions and how they are used and deployed in practice, particularly within a UK higher education context, remains limited (Jones and Jones 2011). This is a broader symptom of SUCs being an under researched phenomenon more generally. Exploration of the features that constitute SUC provision is viewed an advantageous first step toward providing a basis for understanding the little understood effectiveness of these interventions (Gailly 2006; Schwartz et al. 2013).

Toward increasing the understanding of current SUC provision within a UK HEI setting, this chapter begins by examining the factors which have driven and perpetuated this agenda. Closer examination of the purpose of the SUC as a concept is then provided. This sets the scene for empirical-based observations of the features of current SUC provision in UK HEIs to be detailed, with insights provided about competition entrance requirements, stages, business support, judging and prizes and awards. The chapter then concludes with a summary of issues and questions which emerge from these observations, and implications for nascent entrepreneurial behaviour, some of which serve to challenge the positioning of the SUC as a mechanism for increasing and enhancing nascent such behaviour.

6.2 Drivers of the Start-Up Competition Agenda in UK Higher Education

Adoption of the idea that an SUC serves as a beneficial intervention through which UK HEIs can promote entrepreneurial behaviour has been enabled by a number of key drivers which warrant further examination. These factors chiefly being (1) the implication of entrepreneurship as an inherent good within the changing role of higher education and their institutions (Etzkowitz 2003; Gibb 2002; Kothari and Handscombe 2007; Millican and Bourner 2011); (2) the attendant expectation this creates to support nascent entrepreneurship through entrepreneurship education and support interventions (BIS 2014; QAA 2018; Pittaway and Cope 2007a); and (3) attitudes toward competition as an essential stimulator of motivation and performance (Kohn 1992; Ruben 1981; Worrell et al. 2016).

6.2.1 Entrepreneurship and the Changing Role of Higher Education Institutions

Entrepreneurship is positioned as ‘the most potent economic force the world has ever experienced’ (Kuratko 2005; p. 577) and a vehicle for increased socio-economic prosperity (Volkman et al. 2011) and competitive economies in a competitive and globalised world (Cooper and Lucas 2006; Herrmann et al. 2008). The continued growth, interest and promotion of entrepreneurship as a central concern of the HEI is a by-product of such thinking (Gibb 2002; Matlay 2010). There is an enduring expectation that higher education and entrepreneurship should mesh, particularly given the assumption that both contribute greatly to national prosperity and wealth creation (Kothari and Handscombe 2007).

The remit of the contemporary HEI has expanded beyond a solely moral and intellectual pursuit toward emphasis of social and economic goals (Etzkowitz 2003); henceforth an expectation prevails that institutions provide higher education through its teaching activities, advance knowledge through its research activities and provide a service to their

wider communities (Millican and Bourner 2011). SUC provision very much sits within the third mission activities of the HEI (Passaro et al. 2017). Stimulating entrepreneurship as a critical concern of the HEI is symptomatic of such a change of role and context. As well as being bound up in the commercialisation of higher education over recent decades (Bok 2003). The entrepreneurial university concept (Gibb 2002, 2005, 2008, 2012), through its epitomising of entrepreneurship as a core opportunity and activity to be pursued by the HEI, can be observed as one permutation of the commercialisation of higher education. Accompanying such a popularised term has been the proliferation of initiatives and programmes that aim to stimulate entrepreneurial activity amongst the university community; notably such activity is not just targeted at students and graduates but also academic members of the university community.

HEIs have looked to entrepreneurship as a means of facilitating the knowledge transfer which is now an important dimension of their activities and provides 'greater coherence' to such endeavours (Jones and Iredale 2010; p. 9). Entrepreneurship-focused initiatives are a means of bringing academia and business together in anticipation of the significant value for both parties that can be leveraged through doing so (Volkman et al. 2011).

Closely entwined with the broader governmental graduate entrepreneurship agenda amid sustained concerns regarding graduate unemployment and underemployment, HEIs have been tasked to cultivate the UK's next generation of entrepreneurs and entrepreneurial people (BIS 2010, 2014; Cooper and Lucas 2006; Kirby 2004; Matlay 2010; Matlay and Rae 2009; McGowan et al. 2008; Mitra and Manimala 2008; Rasmussen and Sorheim 2006). Stimulating a strong entrepreneurial ecosystem which encourages, expects and rewards entrepreneurship and cultivates entrepreneurial mind-sets, values, competencies, behaviours and outcomes being critical in this regard (Gibb 2002, 2005; Jones et al. 2008; QAA 2018; Volkman et al. 2011). The provision of SUCs, as a form of entrepreneurship education and support, is deemed one aspect of a HEIs' commitment to engendering such an ecosystem.

6.2.2 The Entrepreneurship Education Imperative

In pursuit of stimulating nascent entrepreneurial behaviour, there is an expectation that UK HEIs provide entrepreneurship education programmes to all students regardless of their subject discipline or level of study (APPG 2014; BIS 2014; QAA 2018). Such an idea is underpinned by the notion that entrepreneurship is inherently learning-centric as a process (Blundel and Lockett 2011; Rae 2005). Henceforth the capabilities, mind-set and awareness which drive, support and sustain entrepreneurial behaviour can be developed (Deakins and Freel 2003; Drucker 1985; Rae 2000; Rae and Carswell 2001). Entrepreneurial learning is of particular importance to nascent entrepreneurs (Honig et al. 2005). Being at the commencement of their endeavours to create a new venture, nascent entrepreneurs often require such learning to enable the successful emergence of their venture (Aldrich and Yang 2014; Fayolle and Gailly 2008).

Entrepreneurial learning is considered effectively stimulated through experience and social relations (Cope 2003, 2005; Davidsson and Honig 2003; Pittaway and Thorpe 2012; Politis 2005; Rae 2004, 2006). Such a notion has been a strong impetus for the proliferation of entrepreneurship education provision within a higher education context as a key activity to be engaged in by the nascent entrepreneur. This is guided by a purpose of providing a vehicle for the entrepreneurial learning needed for entrepreneurial effectiveness (Pittaway and Cope 2007a, b).

Central to the promotion of entrepreneurial learning through entrepreneurship education is authenticity (Karatas-Ozkan and Chell 2010). Henceforth, the design and delivery of entrepreneurship education is predicated around its synergies with the behaviours of the nascent entrepreneur, emphasis accordingly placed upon learning through and from experience but also through interactions with others (Higgins et al. 2013; Pittaway et al. 2015).

Traditionally the business school was viewed as the natural home for entrepreneurship education; however university-wide interdisciplinary entrepreneurship education has been increasingly encouraged as advantageous. Accordingly, whilst the SUC originated in a business school setting

(Katz 2003), such interventions are now most typically delivered from a centralised entrepreneurship or enterprise development unit.

6.2.3 The Notion of Competition

Any discussion of the factors which have enabled the promotion of competition-based interventions should not exclude attitudes toward the notion of competition per se. Neo-liberal ideologies depict the encouragement of competition as an inherent good, motivating and driving high performance and successful goal attainment moreover particularly when resources are scarce (Kistruck et al. 2016; Worrell et al. 2016). Given that such an agenda has pervaded HEIs (Connell 2013; Olssen and Peters 2005), such a notion might therefore by extension perpetuate the idea that an SUC is conducive to motivating effective entrepreneurial behaviour and achievement of new venture creation through resource attainment. However, seeing competition as a ‘fact of life’ (Kilduff et al. 2010; p. 943), an inherently good thing and structuring educational programmes in this way takes for granted that humans are competitive creatures and genetically disposed to competing (Kohn 1992; Ruben 1981). It is relatively rare to question this agenda and think about whether alternative non-competitive models might be a more effective means of stimulating successful goal attainment. Such an assertion is particularly pertinent to the SUC given its espoused purpose.

6.3 The Purpose of Start-Up Competitions

The broader purpose which governs the offering of SUCs within a university setting is an intent to support nascent entrepreneurial behaviour and the creation of new ventures (Kwong et al. 2012; Randall and Brawley 2009; Roldan et al. 2005; Russell et al. 2008). It can be suggested that there are several dimensions to the SUC achieving such a purpose which are now usefully examined.

The availability of an SUC can incentivise and inspire the creation of new venture ideas that may otherwise remain latent within the broader university community (Russell et al. 2008), the competition and its asso-

ciated activities enabling the communication, testing and development of these ideas, as well as useful feedback (Schwartz et al. 2013). The inspiration and momentum provided through the competition can motivate the continued pursuit of entrepreneurship following the competition. For those who already have a business idea and entrepreneurial intent, the competition can provide an opportunity to progress the idea to implementation, equipping the participant with the resources they need to progress forward with new venture creation.

The SUC experience is strongly advocated for its capacity to provide the skills, knowledge, attitudes and awareness which will support entrepreneurial behaviour beyond participation (Hegarty 2006; Roldan et al. 2005; Ross and Byrd 2011; Russell et al. 2008; Sekula et al. 2009); in terms of both their personal development as entrepreneurs and the development of the venture idea. Henceforth, competitions can often attract participants with limited business knowledge and experience who enlist the competition to rectify this (Thomas et al. 2014).

In addition to supporting nascent entrepreneurial activity and new venture creation through entrepreneurial learning (Russell et al. 2008), the SUC is revered on accounts of being beneficial to the nascent entrepreneur through the opportunities it provides for finance, PR exposure, support and networking (Gailly 2006; McGowan and Cooper 2008; Thomas et al. 2014). With regard to finance, competitions tend to offer financial prizes to reward the ideas deemed to be of strongest merit, this positioned as a useful source of seed funding. The competition affords a means of raising the profile of its participants through the PR opportunities attached. Such is the involvement of the broader entrepreneurial community in competition provision that enables useful networking opportunities which can connect participants with experts and other 'like-minded' people. This can give rise to informal feedback on ideas, the development of collaborations and the prospect of attracting investment. It can also signpost toward further support available both within the institution and in the wider community.

Whilst it can be suggested that the rationale underpinning SUC provision in HEIs is generally understood and accepted to be the stimulation and support of new and existing entrepreneurial behaviour. Closer examination of how such a rationale is achieved through the features that

encompass provision is found to be less forthcoming. Compromising any future attempts to understand the effectiveness of SUCs as interventions conducive to the stimulation and support of new and existing entrepreneurial behaviour. With such sentiments in mind, the following section of the current chapter offers a finer-grained exploration of the features which can be observed in the SUC provision currently offered in UK HEIs.

6.4 SUCs in UK Higher Education Institutions: Current Features of Provision

In building a picture of current SUC provision in UK HEIs, the websites of all UK HEIs¹ were consulted during June 2017 in order to identify operational SUCs. The provision of SUCs was being advertised online in 40 of these 167 institutions. Entrance requirements, stages, business support, judging and prizes and awards were observed as dominant features of SUC provision. A closer examination of these features based on the observations made will now be offered.

6.4.1 Entrance Requirements

All SUCs had requirements which needed to be satisfied to enable entrance to the competition but these varied greatly across the SUCs being offered. In terms of who is eligible to enter, some competitions were open to all students, staff and graduates of an institution. Others however restricted entrance to current undergraduate and/or postgraduate students or students and graduates. Where competitions accepted entrants from graduates, there was a tendency to specify how recent the graduate should be. This varied between one and ten years; however it was usual to see a cap of two years imposed.

It was common to see competitions invite applications from any subject discipline; however incidences where prospective participants were required to have a certain subject background or belong to a particular faculty to be eligible for competition entrance were apparent. Furthermore

some competitions imposed requirements that team entrants should have representation from particular subject disciplines. Competitions typically allowed individual or team entries, but there were several occurrences of competitions being exclusively for teams. In competitions where team entries were permitted some restricted team size and imposed particular rules in terms of the number of the team members who should be currently enrolled students or recent graduates. Some institutions thus permitted those not currently students, staff, or recent graduates to participate as part of teams usually on the condition that the team leader or particular proportion of the team has such a status.

Whilst it was the norm to see staff entries invited as part of a larger competition which also involved students and/or recent graduates, numerous competitions exclusively targeted at early career researchers, post-docs and research fellows could be observed as an exception. These competitions inviting proposed 'spin-out' venture ideas derived from research and IP-based activity.

A variety of prerequisites pertaining to the nature of the ideas the prospective participant is entering into the competition could be observed. At one end of the spectrum, the prospective participant does not need a business idea but rather has a desire to come up with an idea and interest in starting a business in order to enter the SUC. Most typically competitions will accept a submission of any business idea. However, incidences could be seen where some competitions stipulate that these ideas need to be innovative and need to have the potential to be turned into a successful venture. A competition might specify that the idea submitted needs to address a certain issue or respond to a pre-stated challenge to qualify for entrance. There can also be a requirement that the participant has a serious intent to take forward and develop the idea or has already undertaken some initial research and development activities prior to competition entrance. Others invite entrants from those who are already implementing their business ideas but will put a time restriction on how long they have been trading, this typically being less than 12 months but can be up to 2 years.

All competitions had an initial application procedure in place which would be used to shortlist entrants; however this was subject to a wide degree of formality and time requirements. Some competitions simply

required the prospective participant to make an initial expression of interest, where the participant needs to briefly describe themselves and/or their initial venture proposition. Numerous incidences could be observed where the competition requires the would-be participant to submit a short video pitch which communicates the crux of their venture idea. It was typical to see the competition request an executive summary of the venture idea which includes detail about its USP, marketing, how profit will be generated. Some competitions will require a comprehensive application form to be completed by the prospective participant. This form tends to elicit wider information about the venture idea. Where such forms are utilised, this can be observed to be closely aligned with the content typically expected in a business plan, for example, definition of idea, description of product/service, USP; target market, competitive advantage, resource requirements; generation of funds; competitor analysis; potential for international presence; management of risks. Indeed some competitions will ask for an initial business plan to be submitted; again the degree of formality of this plan is subject to variation. For example, a competition might ask for a business model canvas. Whilst some application processes will place some emphasis on the individual or team behind the venture idea, for example, asking why they are the person or people to make the idea happen, significantly more emphasis is placed upon the venture idea in almost all but the competitions that did not yet require an idea to have been identified.

6.4.2 Stages

Stages serve as a common feature of the SUCs identified. The quantity of these varies in accordance with the length of the competitions' duration, with some competitions held intensively over a number of days or less intensively over several weeks or months. Competitions which are organised as one-off events taking place over one or two days will typically involve participant applying, being shortlisted and attending a finale event where they will pitch their venture idea to a judging panel. Those competitions which take place over a longer time period will typically encompass a number of stages; often starting with the submission of an

outline of business idea and progressing to business plan submission and then culminating in the delivery of a pitch. Emphasis in such competitions is upon the basics of the idea in earlier stages and its development in latter stages. Some multi-staged competitions allow participants to take part in all stages or less, whilst others might only allow progression to later stages if they have been successfully shortlisted given performance in prior stages with participants eliminated from the competitions. These competitions will thus typically have lots of participants in early stages and whittle these down to a small number of finalists to take part in a concluding stage.

The production of a business plan is a prevalent feature of the multi-staged SUC programme, particularly in the later stages of the competition. There is a tendency for competitions not to specify in their promotional details which particular type of business plan is required. There were several incidences of competitions requiring a formal business plan to be submitted, whilst others required the production of a business model canvas.

The pitch had a presence in the majority of single- and multi-staged competitions identified, typically as a culmination of the process. These pitches varied in length from 60 seconds to 6 minutes but were typically required to be two or three minutes. The requirement was typically for the pitch to be delivered to a judging panel 'dragons den style' at a grand finale event or immediately before. The pitch might be followed by questions from the judging panel.

6.4.3 Business Support

It is common to observe institutions state that business support is provided as part of their SUC. Many of the SUCs identified offer training as a key aspect of this support. Participation in this training is typically a mandatory requirement for those participating. This training might be a one-off workshop or a series of workshops depending on the duration of the competition programme. Training may be delivered intensively as a boot camp or residential event or less intensively over a longer period, for example, via online videos and presentations. Whilst many competitions

suggest training is provided, there is a tendency not to specify its focus beyond that it will allow the participant to gain 'business skills'. Where the topics that form the basis of the training are communicated, there can be seen to be an emphasis on topics such as: inspiration; creativity; sustainability, commercial awareness, networking, intellectual property, publicity, finances, business planning, funding, communication, pitching, presenting, preparing a business plan and writing business proposals. There appears to be strong synergies between the focus of training and the skills which are needed to undertake competition programme activities. The training might be provided to all participants or just those who have successfully progressed through earlier stages of a particular competition and are now competition finalists. Indeed progression to the judged element of a competition might hinge on successful completion of training.

Mentoring is another prominent aspect of the business support which typically features as an aspect of an SUC programme. The focus of this mentoring, when made specified, might be to support a specific activity aligned with the competition, for example, preparation of the business plan or improving the pitch. Or alternatively it might be more broadly focused on the development of the business idea and this positioned as a sounding board for the participant to use however they see fit. Those providing the mentoring might be provided by the institutions enterprise development unit, entrepreneurial alumni or from organisations sponsoring the competition. Mentors might be allocated to all short-listed entrants or only to those who make it to later stages of the competition.

6.4.4 Judging

A judging process is a universal feature of the SUC programmes identified. The venture idea tends to be the primary focus of evaluative judgement, with the business plan and/or pitch being the vehicle for communicating this and thus used as the basis for comparing and evaluating participants in line with judging criteria. Competition programmes vary greatly in terms of the criteria applied to reach a decision as to which participants and ideas should be rewarded. Some competitions broadly

state that participants will be judged on the robustness of the business plan or the quality of the pitch. When more specific evaluative criteria are provided, emphasis can be seen to be placed on the originality of ideas, its potential viability, sustainability, impact, diversification, return on investment, strength of market need and fit. Within these criteria, much focus is put on the potential of the idea. In addition to judging the venture idea, some competitions also judge the participant in terms of their passion and commitment to the idea, the strength of their skill set, and how well they present themselves and their idea moreover and are able to answer questions from the judging panel.

In terms of who undertakes the judging of the SUC, there could be observed to be a strong tendency of not openly stating this beyond that those judging are experts of business and entrepreneurship. When the make-up of the judging panel was disclosed in the competitions promotional information, it was common for judges to be drawn from inside and outside of the university. Hence there was evidence of those judging the competition to be local entrepreneurs, business professionals with experience of working with start-ups, entrepreneurial alumni, academics, entrepreneurs in residence, directors of enterprise development units, venture capitalists, business consultants. It is typical to see those sponsoring the competition serve as judges. In the more disciplinary specific SUCs that draw entrants from certain sectors (e.g. technology, health-care, engineering), judges tend to have a background in that industry. Additionally, there were several competitions that looked to the community and peers to judge competition outcomes, utilising online voting to achieve this.

6.4.5 Prizes and Awards

Prizes are observed to serve as a ubiquitous feature of SUC provision in UK HEIs; all competitions identified offered some form of prize awarded to those judged to be 'the best', these typically being awarded at a finale event. Financial awards were the most common form of prize offered. These ranged in amount from £50 to £20,000 but were typically sub £1000 in value. Smaller financial prizes (<£250) tend to be awarded

when the focus of the competition is on basic description of the business idea through a pitch and the larger prizes in multi-stage competitions when the emphasis has been on progression of the business idea and there might already be some history of the venture trading. Some of these awards, particularly for the larger sums, had conditions attached; examples included that funds must be used as seed capital to progress and test the venture idea and thus for prototyping, purchasing goods/services, website development, obtaining necessary licences and training. Payment of larger prizes was also contingent on certain milestones related to the implementation of the venture being successfully achieved.

An SUC might have one prize category or many. Where there are many prize categories, these might be categorised according to sector (e.g. digital/high technology, creativity, health, engineering, product design and environment), type of enterprise (e.g. commercial, social), stage of venture (e.g. pre-trading, trading) or participant status (e.g. undergraduate, postgraduate, alumni, staff).

Prizes which can be deemed 'in-kind' were a commonplace aspect of the SUCs identified. Examples of such prizes included training opportunities, business support, marketing support, tickets to events, funded interns, mentoring, office space, advertising, memberships and funded travel. These in-kind prizes tend to be offered by those sponsoring the competition. Additionally, it was observed that selection for entrance into other regional, national or international SUCs was awarded to the winners of several competitions.

6.5 Implications for Nascent Entrepreneurial Behaviour

The SUC is promoted as a key activity to be engaged in by the nascent entrepreneur. Principally as an opportunity to acquire the resources needed to create their new venture. Participation in an SUC might thus be considered a nascent entrepreneurial behaviour in and of itself. Equally the features of provision identified in UK HEIs, that is, entrance requirements, stages, business support, judging and prizes and awards,

have implications for how nascent entrepreneurial behaviour can be understood.

The various features of competition can be deemed closely aligned with a traditional view of nascent entrepreneurial behaviour as being planned, rational and competitive. They necessitate participants to use causation logic by putting strong emphasis on opportunity discovery, research & development and formal business plan production. Competitions might inadvertently portray this as being the 'right way' to enact the creation of a new venture, offering a partial and potentially inauthentic perspective moreover. Competitions tend also to be judged and prizes awarded on the basis of predicting what might be achieved by the nascent entrepreneur rather than progress which has been achieved in taking action to make the business venture happen.

Such is the number of stages involved in some competition provision; it can be suggested that competition participation could represent a significant time commitment over a prolonged period for some nascent entrepreneurs. The implication is that the competition activities engaged in during this time will be beneficial to continue new venture creation and promote relevant entrepreneurial learning. Emphasis on the production of a business plan is salient here. Insinuation being that spending time researching and developing a comprehensive business plan for the purpose of a competition programme is a better use of time than pursuit of activities to test business ideas; activities which could then be used to develop and refine these ideas.

A further implication which can be drawn pertains to the notion of competition itself. SUCs encourage nascent entrepreneurs to compete against each other in pursuit of financial resources in the form of prizes. This may be inferred by the nascent entrepreneur as competition being the best way to attain resources to start a venture, downplaying the importance and value that can be found in promoting cooperation and collaboration between nascent entrepreneurs to start new ventures. Additionally, by advocating an approach which sees nascent entrepreneurs competing for resources needed to start the venture, there could be the potential that those not successful in such pursuit, which will inevitably be the majority of participants, subsequent action to implement plans

could be deferred as resources are not held or cannot easily be cultivated.

6.6 Concluding Thoughts

The aim of this chapter was to examine the features of SUC provision in UK HEIs and discuss their possible implications for nascent entrepreneurial behaviour. Such competitions represent a central way by which HEIs seek to promote and support nascent entrepreneurial behaviour amongst their students, graduates and indeed sometimes staff. Such a pursuit being driven by the changing role and remit of higher education and the implication of entrepreneurship within this agenda, as well as positive cultural preferences toward competition. Whilst SUCs are generally accepted and widely promoted as providing the resources needed to inspire and sustain entrepreneurial behaviours, how competitions achieve this through the features of their provision is less apparent. This warranted the finer-grained exploration of the features of SUC provision in UK HEIs to be a timely focus of attention.

Current SUC provision in UK HEIs can be observed as having a number of common features, these being entrance requirements, stages, business support, judging and prizes and awards. The observations offered within this chapter regarding these features give rise to a number of issues and questions which provide untold opportunities for much needed further research.

First, the notion of the SUC in a UK context implies that entrepreneurial behaviour can be stimulated through judging business plans and pitches and supplementing this with support opportunities as part of the competition programme. As the general crux of the SUC does not appear to have greatly evolved since their inception despite evolution of how entrepreneurial behaviour is understood during this time, it is salient to ask why the pitch and plan format is so prevalent within provision. It might be questioned what value this adds and how effective such a format is in promoting entrepreneurial behaviour. Might such a format be over-emphasised? And if so, what are the alternatives to a focus on pitching and business plan production that can commonly be seen within existing

competition provision? These questions are pertinent, as how well existing provision is aligned with the actual activities undertaken by entrepreneurs is far from clear.

Second, concerns the support provided within the competition; in particular the training opportunities. It might be questioned whether the focus of this training is too much on equipping the participant with the competencies that are necessary to do well within the competition rather than those which are useful beyond the competition. Although competitions are predicated on the basis of the entrepreneurial learning they afford, the learning outcomes that a participant can expect to achieve are seldom if ever fully articulated.

Third, relates to the inevitably inherent competitive emphasis of these interventions. It might be questioned on what basis are competition-based entrepreneurship support and education programmes promoted as conducive to the increased quantity and quality of nascent entrepreneurial behaviour? Does being judged as having the 'best idea' and successful in attaining a prize award through such a process increase the propensity to continue pursuit of entrepreneurial activity? The emphasis on judging the potential of ideas that is the norm in UK SUCs is also worthy of note. Whilst this might be deemed symptomatic of the SUC adopting a traditional causation logic to new venture creation that favours prediction, one can ask whether more emphasis might be usefully be placed on rewarding actual activity and progress rather than the more subjective potential of what might be achieved in the future. It might be suggested that institutions could look to co-operation and co-competition agendas to provide new innovations.

In general the issues and questions highlighted demonstrate the need for further research into the SUC agenda. Particularly regarding how effective these competitions are in supporting the entrepreneurial behaviour they seek to engender. The current chapter has highlighted that despite having common features, SUCs are not built equal. Further research needs to take into account the wide variation within competition features between different institutional competitions. Some specific suggestions for further research might include the entrepreneurial learning outcomes derived from the training opportunities attached to SUC competition programmes, particularly in terms of the different levels of

learning. There is also scope to explore how business opportunities evolve through exposure to an SUC programme. As despite being a key element of the nascent entrepreneurial process, opportunity development is very much underexamined as an outcome of SUC participation. Finally, it would be pertinent to examine the type of logic utilised by nascent entrepreneur SUC participants to progress their ventures after the programme and explore if and how this was influenced by the SUC experience.

Note

1. As recorded in the Higher Education Statistics Agency database (HESA 2018).

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7

Building Entrepreneurial Behaviours in Academic Scientists: Past Perspective and New Initiatives

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7.1 Background: Entrepreneurial Behaviours

In general, entrepreneurship contains two fundamental components: (1) innovation and (2) opportunity exploitation (e.g. Covin and Miles 1999; Covin and Slevin 1991; Lumpkin and Dess 1996; Zahar et al. 1999). Innovation refers to organizational commitment to developing and combining resources in order to introduce new products/services, production, organizational systems and new businesses (Covin & Slevin 1991). Entrepreneurship also involves opportunity discovery and exploitation for profits (e.g. Hamel and Prahalad 1994; Miller 1983; Shane and Venkataraman 2000). Shane (2003: 4) suggested a combined definition

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of entrepreneurship, whereby entrepreneurship refers to ‘discovery, evaluation and exploitation of opportunities to introduce new goods and services, ways of organizing, markets, processes and raw materials through organizing efforts that previously had not existed’. As such, entrepreneurial behaviour is typically composed of three characteristics. First, entrepreneurial behaviour is innovative and involves an organizational ability to create new ideas, support creativity and conduct R&D in developing new products and processes (Lumpkin et al. 1996). Second, it is associated with organizational proactive willingness to anticipate and act on future market demands and needs and to introduce new products, processes and services ahead of its competitors to shape future demand and opportunities (Lumpkin et al. 1996). Third, the behaviour encompasses risk-taking which ‘take bold actions by venturing into the unknown, borrowing heavily, and/or committing significant resources to ventures in uncertain environments’ (Rauch et al. 2009: 763).

The recognition and focus on these characteristics of entrepreneurship enables researchers to link entrepreneurship with the development of organizational knowledge/resource bases. Prior research suggests that entrepreneurship is a knowledge-creation and resource configuration process (e.g. Borch et al. 1999; Zahra et al. 1999). Entrepreneurial behaviour therefore influences ‘the selection of resources and skills and promoting organizational learning processes to capture external knowledge’ as new situations arise (Zahra et al. 2006: 925), and specifically, it is required to pursue dynamic capabilities at both organizational and individual levels (Teece 2012). Recent research has suggested that individual entrepreneurial behaviour is more important for any organizational strategy of resource/capability development (de Jong et al. 2015; Ireland et al. 2009). Individual entrepreneurial behaviour is different but associated with organizational-level entrepreneurial behaviour. For example, de Jong et al. (2015: 982) conceptualize individual entrepreneurial behaviour as ‘the extent to which individual workers proactively engage in the creation, introduction, and application of opportunities of work, marked by taking business-related risks’. According to this definition, entrepreneurial individuals continuously seek out opportunities, take autonomous and future-orientated actions to generate solutions for problems they identified previously and champion their ideas in the organization to

exploit opportunities of change with a high acceptance of the risk of potential losses.

7.2 Academic Entrepreneurship and Entrepreneurial Behaviours

Entrepreneurship in the academic context can be characterized by initiatives positioned on a spectrum ranging from hard (e.g. creation of technology park, patenting, licencing) to soft (e.g. producing graduates, consulting, industry training) (Philpott et al. 2011). Further developing our understanding of this range of entrepreneurial activity, Perkmann et al. (2013) make a distinction between research commercialization and academic engagement. According to the authors, commercialization activities, which are more in line with the harder entrepreneurial initiatives, are reflective of academic entrepreneurship and are often motivated by the chance of financial reward. They typically involve intellectual property creation (e.g. patenting) and exploitation (e.g. licencing and firm creation). Academic engagement is broader and has a more diverse set of goals (Perkmann et al. 2013). On the one hand, academic engagement tends to be characterized by scientists' collaboration with non-academic organizations, and these arrangements can provide access to valuable resources (e.g. financial or access to data) that support and develop scientists' primary or more traditional research agendas. On the other hand, these collaborations benefit the non-academic partner through the availability of unique insights and expertise on their industrial problems, products and markets. Interestingly, in distinguishing both activities, Perkmann et al. (2013) also point out that commercialization and academic entrepreneurship activities can often follow on from academics' engagement with industry.

In the context of such entrepreneurship within academia, entrepreneurial behaviours have some differentiated characteristics from the aforementioned traditional industry entrepreneurial behaviour. For instance, unlike traditional industry entrepreneurs, academic entrepreneurs have to consent to a set of institutional rules, and share the ownership of intellectual property and the revenue of inventions with the

research institution which they are working for (e.g. Aghion and Tirole 1994; Halilem et al. 2017; Siegel and Wright 2015). However, we can also see that the requisite entrepreneurial behaviours share similar features (i.e. innovation, proactivity and risk-taking) with more general conceptualizations of business entrepreneurship. Indeed, risk-taking can be extenuated for academic entrepreneurs as they have to compromise on the time and focus they would otherwise direct at their core academic role. In terms of innovation, Shane (2004) explains how entrepreneurial academics are innovative in how they create new products from their science and establish spin-off firms based on their research knowledge. Entrepreneurial academics are also increasingly proactive in their approach to science work, particularly in regard to resource acquisition. According to Haller and Welch (2014: 807), entrepreneurial academics are those individuals that ‘proactively seek and secure resources to explore new scientific or technological opportunities’. Scientists who behave in an entrepreneurial manner identify opportunities and set about ensuring they secure resources that can facilitate their activities (Dorner et al. 2017). Reflecting this development, a rich stream of literature has emerged examining the transformational (Mangematin et al. 2014), boundary breaking (Boehm and Hogan 2014) and entrepreneurial role (Baglieri and Lorenzoni 2014; Cunningham et al. 2018; Kidwell 2014; O’Kane 2016) of scientists in the principal investigator (PI) role. O’Kane et al. (2015a) show how effective PIs are challenged to proactively balance curiosity and opportunity boundaries (strategic posture), as well as scientific freedom and conformance pressures, when articulating new or reinforcing existing science trajectories for funding bodies. Furthermore in terms of risk-taking, Abreu and Grinevich (2013: 408) argue that academic entrepreneurship can be regarded as ‘any activity that occurs beyond the traditional academic roles of teaching and/or research, is innovative, carries an element of risk, and leads to financial rewards for the individual academic or his/her institution’. Supporting this point, Lockett and Wright (2005) emphasize the importance acquiring appropriate capital and risk capital when creating university spin-out firms. In more extreme forms of academic commitment to entrepreneurship, scientists can decide to work part time or full time on commercialization using for-profit firms through equity alliances (Toole and Czarnitzki 2010).

7.2.1 Entrepreneurial Behaviours Among the Science Community: Past Perspectives

Despite their importance, engendering entrepreneurial behaviours among the science community is not straightforward as scientists are more accustomed to operating in a non-commercial university environment. To date, scholars have dedicated considerable work to understanding some of the key determinants and challenges associated with developing entrepreneurial behaviours among academic scientists. In the paragraphs that follow, we review some of the most prominent (among other) themes—motives, professional role identity, social environment, university support structures and competencies—that have been discussed by scholars before suggesting that greater attention to how initiatives like government-funded grand challenges dedicated to the subject of capacity development may provide an interesting and fruitful line of inquiry.

A significant body of research has focused on the challenges associated with motivating and incentivising scientists to pursue more entrepreneurial agendas. Universities have traditionally focused on basic research (Nelson 1959) which is characterized by scientific autonomy (Nelson 2004) and guiding norms of scepticism, universalism, communism and disinterestedness (Merton 1973). Academics who pursue science careers are therefore typically motivated by originality and discovery and are rewarded through open dissemination, citation, professional awards (Merton 1973), scientific priority (Merton 1957) and recognition (Latour and Woolgar 1979). In a close examination of this subject, Lam (2011) finds that scientists, for whom entrepreneurial activities resonate with their internal belief structures, are intrinsically motivated by the associated opportunities to freely pursue problem solving and to acquire financial gain. In contrast, entrepreneurial scientists who have belief structures more closely aligned with the traditional norms of academic science tend to be extrinsically motivated by the opportunity to acquire additional research resources to grow their status and reputation in science. Scholars report that university administrators can help to foster entrepreneurial activity by promoting an entrepreneurial culture with transparent regulations around IP (Debackere and Veugelers 2005; Tartari and Breschi

2012) and also by giving more recognition to patenting, licencing and start-up formation in promotion and tenure decisions (Ambos et al. 2008; Link et al. 2007). In addition, the literature in this area has highlighted the importance of universities providing attractive rewards and incentives for staff who develop new technologies in the form of attractive royalty schemes that sufficiently incorporate faculty interests. Lockett and Wright (2005) find that university spin-out creation is positively associated with the university reward scheme.

In terms of identity, according to Ashforth (2000: 475), role identity explains one's self-definition, which arises from the 'goals, values, beliefs, norms, interaction styles and time horizons' associated with a role. Professional role identities are set by people's definition of self within their work environment, and this arises from an individual's enactment of work roles (Goodrick and Reay 2010). However, as explained through Dutton et al.'s (2010) 'adaptive identity perspective', professional identities must often change when individuals experience work environment changes that require new tasks and skills. Consistent with this perspective, the emergence of academic entrepreneurship has resulted in academic scientists modifying their professional identities (Lam 2010). Jain et al. (2009) report how academic scientists enact a hybrid role identity with a primary academic self and a secondary commercial persona when participating in technology transfer activities. Supporting such perspectives, Meek and Wood (2016) suggest that scientists must undertake purposeful and distinct identity adaptations when responding to university initiatives in order to foster commercialization engagement.

Another stream of literature has brought attention to the key social environment determinants related to entrepreneurial behaviours among academic scientists (Haeussler and Colyvas 2011; Tartari et al. 2014). Fernández-Pérez et al. (2015) find that professional ties in the form of mentors and business networks and personal connections in the form of family, friends and colleagues can play positive roles in encouraging academic scientists to pursue new business ventures. In a prominent study on this subject, Stuart and Ding (2006) examined the key determinants that prompted life scientists to establish a company or join the science advisory board of new firm, either of which they regarded as 'becoming and entrepreneur'. The authors show how working with colleagues in

environments where ‘pro-entrepreneurship’ norms are socialized (e.g. at grad school, department-level or institutional-level) can increase the likelihood of engaging in commercial forms of science. Bercovitz and Feldman (2008) find that although academic scientists are likely to engage in academic entrepreneurship if their training or previous experience encouraged such activity, these personal attributes will be mediated by what occurs in their current local work environment. Perkmann et al.’s (2013) framework similarly highlights the influence that an academic’s home organization, colleagues and work context can have in promoting academic entrepreneurship.

University support structures in the form of technology transfer offices (TTOs) represent another prominent stream of literature in the area of academic entrepreneurship. TTOs can foster entrepreneurship among academic scientists in a number of ways. In connecting with industry, TTOs encourage industry interest and involvement in scientific research (Phan and Siegel 2006; Sanders and Miller 2010). TTOs can also provide important skills that can help scientists. It is reported that TTOs help academics to understand the needs of industry and to access critical resources, expertise and support in the commercialization process (Markman et al. 2005; Siegel et al. 2003). Lockett and Wright (2005) find that university spin-out creation is positively associated with the business development capabilities of technology transfer offices. O’Kane (2016) finds that TTO executives are backward integrating along the commercial development path and establishing a more diverse portfolio of skills that facilitates their involvement in activities that span scientists’ accumulation of research resources through to their exploitation of research outcomes. Weckowska (2015) finds that TTOs undertake ‘proactive searches’ to identify and attract early research that could be commercialized and to align appropriate scientific discoveries and invention disclosures with industry needs, expertise and investment. Wu et al. (2015) show how TTOs promote ‘intention-based inventions’ in which commercial outcomes are agreed prior to the research being undertaken. However, within this literature scholars also draw attention to some limitations with respect to TTOs’ ability to stimulate entrepreneurial activity. Muscio (2010) finds that TTOs only have a marginal direct effect in stimulating academic entrepreneurship. O’Kane et al. (2015b) show that

TTO executives’ ability to promote academic entrepreneurship is hindered by their inability to shape a distinctive and value-adding identity for the academic community. Scholars have also pointed to academic scientists deliberately bypassing their TTO (Aldridge and Audretsch 2011; Freitas et al. 2013) and to perceptions of underwhelming business-related skills among TTO executives to help them with their commercial intentions (O’Kane 2016; Chapple et al. 2005). Overall, TTO research suggests that academic entrepreneurship may be constrained if academics lack particular competencies and that this may be especially true when TTO activities cannot overcome these constraints.

A final area we consider relates to the personal attributes and competencies held by academic scientists and how this impacts their likelihood to engage in entrepreneurial activities. In the broader entrepreneurship literature, research suggests that individual experience, knowledge/skills, motivation and emotional state explain the variance of individual decision on entrepreneurial behaviour (Shane and Venkataraman 2000). However, in the context of academic entrepreneurship, mastering the required capabilities is not easy for scientists. For example, Ambos et al. (2008) show how scientists engaging in entrepreneurship need to become sufficiently ambidextrous to deal with the tensions that arise between academic and commercial outputs. Unsurprisingly, a considerable body of literature continues to focus on the competencies necessary for academic scientists to be more effective at entrepreneurship. Huynh et al. (2017) show how the capabilities and networks possessed by founding teams at the time of spin-off formation can influence future performance. Likewise, Hayter (2016) focuses on the role of networks in academics’ entrepreneurial endeavours. The authors report how social networks act as a critical resource to stimulate and support spin-offs in the early stages of their development, but to remain effective these networks must evolve in order to expose the academic(s) to industry norms, values and key resource providers. Rasmussen et al. (2014) also study the importance of networks; however, their focus is specifically on how these networks facilitate the development of key entrepreneurial competencies among academics, which in turn help academics to establish and grow new ventures. Again, Rasmussen et al. (2014) highlight the importance of networks being dynamic and flexible enough to be frequently recalibrated

for various competency requirements. In an earlier study, Rasmussen et al. (2011) pinpoint three competencies—opportunity refinement, leveraging and championing—that when developed effectively over time can benefit academics' transition to entrepreneurship, as well as their legitimacy as entrepreneurs in the eyes of investors and business partners. Specifically, in order to be effective, the deployment of each of these competencies needs to be accompanied by the academic entrepreneur (and their team) brokering relationships with a range of key stakeholders, for example, industry partners, university management, investors. Interestingly, integrating some of the earlier themes discussed in this section, Clarysse et al. (2011) find that academics' social environment and the quality of their supporting TTOs are secondary factors in stimulating entrepreneurial behaviour among academics. Instead, the authors find that 'opportunity recognition capacity', which they refer to as entrepreneurial capacity, is the biggest influence on academic scientists' tendency to pursue entrepreneurship activities.

7.3 New Entrepreneurial Behaviour Initiatives

Connecting Macro- and Micro-Levels

Although this literature has contributed hugely to our overall understanding of academic entrepreneurship, there has been less consideration afforded to emerging macro-level initiatives aimed at stimulating and developing entrepreneurship capacity among the science community. Indeed more generally, it remains poorly understood how value is created, shaped and transferred between micro- and macro-levels (Lepak et al. 2007). This is surprising as macro-level policy makers have an interest in growing entrepreneurial skills among the science community because this can lead to outputs that improve regional and national performance (Etzkowitz and Leydesdorff 2000). Universities staffed by entrepreneurial people are more likely to transfer useful knowledge into industry and society (Kalar and Antoncic 2015). Furthermore, academic spin-offs can lead to job creation and improved economic performance

(Soetanto and Jack 2016). In the remainder of this chapter, we present details on an ‘entrepreneurial’ policy initiative underway in NZ aimed at ‘Building New Zealand’s Innovation Capacity’, which has the specific goal of understanding, stimulating and developing greater engagement and entrepreneurial skills among the physical science and engineering community. Our focus on this initiative is a step change from that presented above, nevertheless it ultimately has the same objective in trying to grow entrepreneurial capacity. It does this by revisiting and experimenting with aspects at the funding and direction setting phases when initiating science stretch research, in contrast to waiting until the base research has largely been completed.

7.3.1 Case Example: Building New Zealand’s Innovation Capacity (BNZIC)

Enhancing the New Zealand (NZ) research system’s capacity is a key focus of the Science for Technological Innovation (SfTI) National Science Challenge (NSC). Launched in September 2015, SfTI’s overall mission is to improve NZ’s capacity to use physical sciences and engineering to enhance economic growth. It is the 7th of the 11 NSCs, which are cross-disciplinary, mission-led programmes designed to tackle NZ’s biggest science-based challenges. Missions for each challenge were initially developed via a crowd-sourced engagement process in 2012/2013, which included stakeholders from a range of sectors, and subsequently refined based on peak panel feedback. Inherent to their formation was a view that to achieve the outcomes desired would require collaboration across NZ’s leading researchers, whether they were based in universities, Crown Research Institutes, businesses or non-governmental organizations.

The SfTI challenge proposal also argued that if a tenuous connection between NZ’s researchers and industry was undermining the nation’s ability to benefit from public spending on physical sciences and engineering, then examining in greater detail how co-innovation actually happens in New Zealand must be a priority. Due to New Zealand being a smaller economy, public-sector researchers are vital actors in the nation benefiting from an open innovation system. However, for such benefits

to occur, the effects that the science system broadly has, as well as its processes, on collaboration, engagement and commercialization needed to be considered. These more macro-level effects could be particularly critical in terms of whether they support the development of foundational factors that have been identified as important at the individual researcher level.

As noted above, SfTI has an explicit focus on economic growth through the harnessing of physical sciences and engineering research. It is targeted at increasing the value generated for the nation through the high-value manufacturing (HVM) sector. In 2015, it was estimated that the HVM sector in NZ consisted of over 5300 firms, with a total of more than 26,000 employees, and accounted for about NZ\$1.43bn in exports (NZTE 2015). While this was only 0.7% of NZ's GDP, the sector represents about 3% of exports (MBIE 2015) which contributes to a desire to see further growth and a stronger connection between investments in public science and value-adding commercial revenues. These figures also highlight that NZ's HVM sector has distinctive features, with many firms relatively small in size (<10 full-time equivalent employees) and thus likely more dependent on external research(ers) to achieve innovative outcomes.

The SfTI challenge was approved after an 18-month set-up process which included a 'resubmit' phase where it was advocated that the physical science and engineering 'spearhead' projects also become case studies for better understanding existing researcher capacity to collaborate and engage with industry as well as Vision Mātauranga (VM). With parallels to the benefits reported for academic engagement with industry, the VM theme recognized the importance of and opportunity for enhancing the capacity of researchers to engage with Māori (NZ's indigenous people) and Māori organizations as they move to embrace science and technology in their business activities. Vision Mātauranga (a policy to unlock the innovation potential of Māori knowledge, resources and people) had arisen separately from the NSCs and has become a required component addressed in public science funding processes. The BNZIC research team was, therefore, expanded to track engagement and team processes with respect to Māori as well as industry. The team has also evaluated the range of novel initiatives being trialled by the challenge with respect to innovat-

ing the processes for forming mission-led, multi-disciplinary, co-innovation projects. These process innovations currently address science funding and organizing, increasing stakeholder involvement throughout the science research process, as well as monitoring capacity development by individual researchers. Figure 7.1 illustrates the capacity model at the heart of the SFTI’s thinking, which adapts the absorptive capacity notion into a combined framework for studying collaborations between science researchers and business (Daellenbach et al. 2017). While the initial focus has been on what can shift and enhance the capacities required by science researchers, it is recognized that such collaboration is a dyadic relationship between public-sector researchers and user organizations which entails that there needs to be a complementary set of capacities for industrial partners as well (and that these may differ for Māori businesses).

Of particular relevance here are non-technical capacities labelled human and relational. Where human capacity is associated with a willingness to develop and apply entrepreneurial skills to identify knowledge gaps, needs or opportunities of the user organization, as well as to propose paths to fill these through technological means, relational capacity brings in recognition that first establishing and then sustaining relationships with user organizations is critical for knowledge diffusion to occur

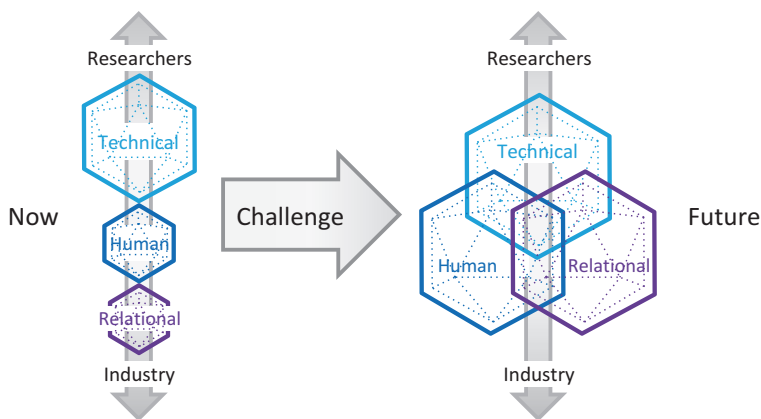


Fig. 7.1 SFTI approach to capacity. (Source: Adapted and reproduced with permission from New Zealand’s Science for Technological Innovation (SFTI) National Science Challenge: <https://www.sftichallenge.govt.nz/>)

(in both directions). Technological entrepreneurship training and other ways of exposing researchers to latest business trends are typical ways in which human capacity is seen to be best enhanced since this sets a platform for having mutual understanding of science/engineering needs as well as business/commercialization imperatives. However, where others have recognized such capacities to be influential, most have placed the onus of upgrading these on each individual researcher. The SfTI challenge, though, has expanded its emphasis, by augmenting a requirement for individual capacity development for researchers with macro-level initiatives that trial how process innovations for setting missions, funding and organizing science research could also play an important role. This opportunity to experiment at the macro-level, and the responsibilities to learn how changes may impact key outcomes, provides a unique possibility for the NSCs to shift both the science knowledge and processes within science whose broad applicability and validity have rarely been questioned.

Survey data collected from SfTI researchers suggest that there is a complementarity between leading science and commercial engagement (as reported by Perkmann et al. 2013). Even though team members for the spearhead projects were chosen because they represented the leading researchers in these areas, bringing knowledge and skills applicable to the science being pursued, these researchers had a history of engaging with industry for particular research projects. About 50% of researchers reported having collaborated with industry partners in the previous five years, substantially more than the 14% of researchers indicating that they had not participated in any form of academic engagement recently. Academic entrepreneurship among SfTI researchers was relatively infrequent (11%), although these individuals did not appear to have more total or more frequent recent industry collaborations. What perhaps was more surprising was that despite their track record of engagement, involving or interacting with industry did not occur early on in all spearheads. In fact, there was a stark contrast between those whose mission was investigator-led vs. those where missions had been defined initially via an industry consultation process, followed by workshops where researchers and industry interacted to refine the specific technology to be pursued.

By experimenting with new methods of stakeholder involvement at an early stage of funding science projects, the challenge promoted greater ownership of missions by industry representatives. The workshops with participants from industry and Māori organizations established that there were mutual interests across both groups. While a conflict remains between the requirement for it to be stretch science that the challenge invests in and the desire for the science to be able to be applied in the shorter term by industry, the process appears to have provided a forum where conversations across perspectives do take place, with implicit assumptions about the others’ domain, whether it be industry or publicly funded science research, being surfaced and tested. At other times, engagement may not be initiated due to it being assumed that industry would not be interested in stretch science.

The challenge’s organizing experiments may also be shifting researchers’ approaches to research funding. By bringing in notions similar to pivoting associated with entrepreneurial ventures as well as clearer stage gates or milestones, SFTI management is seeking to de-escalate commitment to the predetermined science phases in cases where it becomes clear that the project as initially conceived is unlikely to deliver the outcomes anticipated or significant additional knowledge or commercializable value. Research contracts currently tend to lock activities to a fixed predetermined sequence of activities, even though science research projects are designed to generate knowledge that can usefully inform whether these activities should still be pursued. The longer timeframe of the NSCs (a ten-year plan initially) provides other options, where the paradox of stretch science co-innovation spearhead and seed projects with industry could be used to get closer to commercialization if the outputs from initial projects can find continuing funding to get through their developmental phase. Overall, these initiatives recognize that the macro-settings associated with organizing and funding science can serve as a crucial additional driver that affects academic engagement and, in turn, the level of academic entrepreneurship that is likely to eventuate. Table 7.1 offers an overview of the unique approach to entrepreneurial capacity development among the science community being facilitated through the SFTI funding programme.

Table 7.1 Summary of SfTI's unique approach to entrepreneurial capacity development

Publicly funded programme	Unique approach to entrepreneurial capacity development
New Zealand's Science for Technological Innovation (SfTI) National Science Challenge (NSC)	<p>Mission development through bottom-up crowd-sourced stakeholder engagement process</p> <p>'Real-time' longitudinal case studies of physical science and engineering 'spearheads' allow monitoring of:</p> <ul style="list-style-type: none"> Researcher capacity to collaborate and engage with industry and indigenous (Māori) perspectives on knowledge and people Evolving research team and science leadership processes Effectiveness of novel capacity development initiatives among the science community <p>Particular research focus on human and relational (non-technical) capacity development among scientists</p> <p>Agile approach to science funding by embracing 'fast fails'—de-escalating commitment to predetermined science objectives</p>

7.4 Conclusion

This chapter argues that that macro-level capacity development initiatives aimed at generating greater entrepreneurial behaviours among academic scientists remain under-explored in the literature. In comparison to the literature on a range of meso- and micro-level determinants and challenges such as researchers' motives/incentives, role identity, social environment, support structures, and individual attributes and competencies, scholarly attention on how the formation and roll-out of publicly funded mission-led programmes aimed at addressing grand science challenges can grow entrepreneurial capacity among the research community is minimal. We present an overview of an exciting initiative underway in New Zealand that helps to address this gap in the literature. Specifically, we

offer novel insights on the initiation and first four years of the Science for Technological Innovation (SfTI) National Science Challenge (NSC). Central to this initiative is a commitment to grow individual researcher capacity in areas related to stakeholder engagement and industry interactions throughout the innovation and research commercialization process. While the initiative cannot yet provide concrete outcomes with regard to its impact on growing entrepreneurial behaviours, it is already generating promising insights and exciting avenues deserving of closer inspection and future research. These include the merits of incorporating agility and fast failures into publicly funded science programmes which in turn de-escalate the medium- to long-term commitment to predetermined science objectives that may be proving less promising soon after the science gets underway. Another avenue relates to longitudinally mapping how research scientists conceptualize and thereafter interact with key stakeholders throughout the innovation process. A third avenue that holds rich promise is that of systematically incorporating indigenous world views into mainstream publicly funded research programmes. Early indications in SfTI are that Māori organizations’ and researchers’ perspectives on knowledge, resources and people are adding significant value to the more publicized or mainstream approaches to innovation that are often assumed to be best practice. We therefore encourage researchers to examine this issue in more depth across a range of geographies and cultural communities. A final takeaway from our ongoing research is the pivotal and innovative role macro-level initiatives can have in stimulating value creation in the form of enhanced entrepreneurial capacity at the micro-level. We believe that the macro-level organization of experiments and innovative trials with respect to growing entrepreneurial engagement through public funding offers a new mechanism through which micro-macro value creation and transformation can be examined and understood.

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Part III

Entrepreneurial Behaviour and Firms



8

Subsidiary Management's Horizontal Boundary Spanning Activity as Entrepreneurial Behaviour

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8.1 Introduction

A fundamental issue for international business is how to manage geographically and culturally diverse multinational corporations (MNCs) which now account for more than 50% of global economic output. The size and complexity of MNCs challenge the traditional perspective that operations can be overseen by their upper echelon, the top management team (TMT), as such firms cannot be 'managed by single actors or even small groups but require distributed and interactive leadership throughout the organization' (Wooldridge et al. 2008: 1191). In particular, such firms require interfacing players to connect the wide range of disconnected actors within their complex organizational settings (Floyd and

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Wooldridge 1992; Nonaka 1991), not just internally but across their multiple international arenas.

Traditionally, middle managers have been perceived as the organizational 'linking pins' (Likert 1961), interfacing between the TMT and the operational level of the organization. Floyd and Wooldridge (1992) capture the strategic activities of middle managers' interactions within the firm: upwards to TMTs through synthesizing information on firm activities and championing potential new alternatives, and downwards through implementing the firm's deliberate strategy and facilitating adaptive approaches. This perspective of middle managers' strategic activities was recently extended to recognize their engagement across the firm (Balogun 2003; Balogun et al. 2011; Balogun and Johnson 2004; Mantere 2008; Rouleau and Balogun 2011; Tippmann et al. 2013), particularly their interactions with peers (Jarzabkowski 2005; Jarzabkowski et al. 2007; Johnson et al. 2003; Vaara and Whittington 2012; Whittington 2006; Whittington et al. 2006) Johnson et al. 2003; Rouleau and Balogun 2011). Taking the subsidiary CEO or general manager within the MNC as an organizational middle manager and combining recent literature on boundary spanners within MNCs (Mudambi and Swift 2012; Schotter and Beamish 2011) with traditional frameworks of the strategic activities of middle managers, we advance a comprehensive theoretical model of middle managers' horizontal boundary spanning strategic activities in the MNC and their impact on crucial entrepreneurial outcomes at the subsidiary level.

Our findings advance the theory on entrepreneurial behaviour in two important ways. The first contribution is the development of a comprehensive, integrated framework of middle managers' horizontal strategic activities, across and outside the firm. By capturing the horizontal strategic activities of middle managers outside of the direct TMT agenda, we extend existing knowledge and substantiate the extensive boundary spanning strategic activities of middle managers in large complex organizations. In moving the examination of the micro-foundations of middle managers' strategic activity to central stage, the findings have major implications for our understanding of entrepreneurial behaviour, highlighting that multiple levels of managers engage

in strategic activities for entrepreneurship outside of the organization's direct strategic agenda.

Second, we advance insights on how subsidiary CEOs engage in corporate entrepreneurship while balancing the three key dilemmas in the headquarter-subsidiary relationship. The level of strategic coordination required within MNCs to balance integration/innovation demands, ownership rights, and subsidiary evolution is a crucial research area. Although the complexities of managing these dilemmas is widely acknowledged (Mudambi 2011), little is known as to the range of strategic activity required by subsidiary CEOs to engage in entrepreneurship under these constraints. Identifying middle managers' horizontal boundary spanning activities both within and outside the MNC provides a new framework for advancing theory with important practical implications, particularly as outsourcing and fine slicing of activities across value chains increasingly predominate the structures of the modern MNC. Previously the entrepreneurial behaviour of subsidiary management was viewed in the context of subsidiaries negotiating greater autonomy and extended mandates from their headquarters. Studies of entrepreneurial behaviour within multinationals must now take greater consideration of the complex managerial behaviour required to deal with these conflicting dilemmas and simultaneously achieve entrepreneurial successes.

The rest of this chapter is organized as follows. We first review the complex dynamics of the contemporary MNC, developing our rationale for selecting the subsidiary CEO as a MNC middle manager. The next section outlines the horizontal boundary spanning strategic activities of subsidiary CEOs followed by an analysis of how subsidiary CEOs prioritize their attention on different boundary spanning activities depending on their managerial context. A series of hypotheses are then developed to analyse the impact of subsidiary managers' horizontal strategic activities on a specific entrepreneurial outcome. This is followed by the research methods and results sections. Finally there is a discussion of the findings and the related implications for researchers and practitioners of entrepreneurial behaviour.

8.2 Theoretical Background

8.2.1 The MNC Context for Subsidiaries

As the dominant organization of the era, their size, complexity, and multiple boundaries—geographical, cultural, functional, and unit—represent particular challenges for research (Bartlett and Ghoshal 1993; Dunning 1995; Mudambi 2011; Newburry 2011; Rugman and Verbeke 2003; Rugman et al. 2011). This complexity provides a multifaceted and dynamic arena for developing management and entrepreneurship theory and to extend management frameworks initially developed for more simply structured operations.

Developing entrepreneurial approaches applicable to MNC management demands recognition of the particular complexities within the MNC literature, specifically the dynamic between headquarters and subsidiaries. These complexities underpin the three key dilemmas of the MNC (Mudambi 2011). First, MNCs must constantly balance the innovation/integration dilemma, allowing subsidiaries sufficient freedom to innovate while ensuring that their activities remain aligned with the headquarters' strategy. Second, the headquarters must align ownership and property rights in order to execute control, which is an arduous task in the widespread organization of the MNCs. As is argued by Felin and Foss (2005), property rights—rather than ownership rights—are the source of control. Some subsidiaries are distant from headquarters and not only resource-rich but in control of critical linkages to key actors in their local environments (Cantwell and Mudambi 2005) allowing the subsidiary CEO to build a strong negotiating position with headquarters. Third, a constant dilemma for both headquarters and subsidiary management are the dynamics of subsidiary mandate evolution over time (Mudambi 2011). Essentially, subsidiaries are aligned with headquarters in terms of 'creating profits and working against external threats, but can be opposed when bargaining with each other over the intra-firm allocation of resources' (Mudambi 2011).

8.2.2 Subsidiary CEO, MNC Middle Manager

The three dilemmas of the MNC demand that the subsidiary CEO engage in a wide range of strategic activities spanning both internal and external boundaries. We argue that such complex modern MNCs demand wider boundary spanning activities from their middle managers. Specifically, we propose that the manager of the MNC's subsidiary units (often referred to as the subsidiary CEO or general manager) engages in boundary spanning activities both internally and with the external environment. We propose that the particular challenges and expectations of subsidiary managers to engage in corporate entrepreneurship within the MNC provide a rich context for developing an encompassing framework of middle manager activities.

8.2.3 Microfoundations of Subsidiary CEO Management Activity

Subsidiary research largely focuses on the organization at the expense of the individual (Felin and Foss 2005). The subsidiary itself has predominantly been the unit of analysis reducing the possibility of uncovering the activities of managers at the organizational level. Focusing on the collective level can overlook individual contributions (Felin and Foss 2005), and as a result, the contribution of what the CEO does, the strategic activities s/he engage within, has been largely overlooked. This approach results in a focus on collective-level constructs such as entrepreneurship on unit level outcomes at the expense of consideration of individual inputs.

Rather than taking the MNC, or the subsidiary as the unit analysis, this research follows the approach of specifically focusing on the actions of a significant individual (Devinney et al. 2000), in this case the subsidiary CEO. Charged with translating the wishes of the TMT into action, middle managers are widely acknowledged as influential actors (Floyd and Wooldridge 1997). Middle managers 'mediate, negotiate and interpret connections' (Floyd and Wooldridge 1997: 466), champion alternatives (Mantere 2008), seize opportunities (Burgelman

1994), search for solutions to complex problems (Tippmann et al. 2012), encourage and integrate divergent views (Beck and Plowman 2009), and shape strategy (Balogun and Johnson 2005; Browne et al. 2014; Wooldridge et al. 2008). Floyd and Wooldridge's (1992) seminal typology (Ahearne et al. 2014) captures the vertical relationships of middle managers, their interactions upwards with the TMT, and downwards with operations. More recent studies expand the potential range of demands on middle managers, particularly their need to engage in interactions horizontally across the organization (Balogun 2003; Balogun et al. 2011; Balogun and Johnson 2004; Mantere 2008; Rouleau and Balogun 2011; Tippmann et al. 2013), particularly with their peers (Jarzabkowski 2005; Jarzabkowski et al. 2007; Johnson et al. 2003; Vaara and Whittington 2012; Whittington 2006; Whittington et al. 2006; Rouleau and Balogun 2011).

While providing a rich contribution, these studies do not assess the impact of the manager's immediate context on directing their attention to engaging in specific activities. The attention-based perspective (Ocasio 1997) argues that the limited attention of organizational actors is directed by organizational priorities (Bouquet and Birkinshaw 2011; Ocasio and Joseph 2005). The original framework of middle manager activities aligns well with this perspective but is limited by the premise that middle manager activity is bounded by the internal boundaries of the firm. Removing this boundary condition in the case of the subsidiary CEO requires consideration of the external responsibilities of some middle managers. We argue that for the subsidiary CEO, his/her attention is directed not only to interacting upwards and downwards but also horizontally across the firm with sister units and outside the firm with external parties (e.g. customers, suppliers, and government institutions). Although these behaviours may be out of the sight of senior management, it is these horizontal boundary spanning activities which may have the greatest impact on the corporate entrepreneurship agenda of the firm. We extend this perspective, arguing that subsidiary dynamics and the demand for entrepreneurial initiatives require subsidiary CEOs to interact horizontally outside their organizations and that they must give attention to the external relationships of the subsidiary and as a result are continually engaging in entrepreneurial behaviour with the external environment.

We adopt an attention-based view (ABV) (Ocasio 1997) to explore why middle managers in entrepreneurial subsidiaries pay greater attention to engaging with more adaptive activities (Ahearne et al. 2014). The key entrepreneurial behaviours of risk taking, innovativeness, and proactiveness underpin the process, routines, and activities of the organization and by extension the subsidiary. Unlocking the benefits of these behaviours requires individuals to access information and to seek foresight and market intelligence. For subsidiary managers the opportunity for this may lie within their own organization (Birkinshaw 1999), or within the external marketplace (Andersson et al. 2014). The ABV explains that as management's attention is limited, they will use their selective attention to focus on what they consider to be the priorities for achieving their objectives. Therefore individual attention influences individual behaviour (Ocasio and Joseph 2005). As subsidiary CEOs are exposed to numerous and competing claims for attention, it is increasingly important to understand how managers can focus their attention on MNC priorities and engage in entrepreneurial behaviour (van Knippenberg et al. 2015). Attentional engagement can be defined as the process of intentional, sustained allocation of cognitive resources to guide problem solving, planning, sensemaking, and decision making (Ocasio 1997; Ocasio and Joseph 2005). Stakeholders in MNCs, both inside and outside the boundaries of the firm, must work together, exchange information, debate views, and achieve a mutual understanding of emerging market developments. These interactions allow the subsidiary CEOs to access and assimilate the information necessary to unlock the benefits of entrepreneurship.

8.3 Boundary Spanning Activities of Subsidiary CEOs

Boundary spanners (Tushman 1977) operate at interfaces, interacting outside of their own unit (Ancona and Caldwell 1992; Ernst and Chrobot-Mason 2011), providing both internal (Pappas and Wooldridge 2007) and external (Druskat and Wheeler 2003) interconnections.

Following from more simple organizational structures, the emergence of the modern MNC requires managers to span a range of functional, cultural, geographical boundaries, in addition to the boundaries between their individual subsidiary units and business models and increasingly between their value chains. The great manifestation (in magnitude kind and complexity) of interfaces and boundaries in the MNC leads to high demands for coordination and management of integration to realize the advantages of its dispersed operations. For the MNC to operate effectively, it must overcome the limiting aspect of borders, particularly between its subsidiary units to ensure strategic alignment across the organization and to avoid fragmentation, segregation, and isolation of both its activities and operations (Meyer et al. 2011). Managers in MNCs must manage differences (Ghemawat 2007) and coordinate across multiple contexts (Meyer et al. 2011). Therefore MNC middle managers must balance the need for coordination while engaging in divergent and creative behaviours which will impact positively on the entrepreneurial agenda of the firm. Identifying the specific boundary spanning activities which management engage in and their related impact on entrepreneurial outcomes is therefore crucial in detecting those actions which can be deemed individual entrepreneurial behaviours.

8.3.1 Horizontal Internal Boundary Spanning

We argue that in the context of the multiple dilemmas within contemporary MNCs, the dual role of subsidiary CEO and MNC middle manager requires engagement in boundary spanning activities internally within the organization, both formal internal co-ordinating activities and informal internal networking for innovation. The basic premise of the MNC is that activities across the multiple diverse locations of operations are integrated, to overcome the liability of foreignness (Johanson and Vahlne 2009). Within this premise, the MNC requires its diverse operations to work together to leverage market imperfections and achieve economies of scale and scope (Porter 1986; Yip 1995), operational flexibility (Kogut 1985), and cross-border subsidization (Hamel and Prahalad 1985). This interdependence (O'Donnell 2000) requires a subsidiary to be integrated

within the MNCs' operations and work with its sister units to deliver. Outputs from one subsidiary may become the inputs for a sister operation requiring ongoing interactions, cooperation, and coordination. This need for integration is further exacerbated by shifts towards global factory styles of management (Buckley 2009, 2011), as allocations of slivers of value chain activities must come together to achieve value chain seamlessness and flexibility (Andersson and Pedersen 2010). The subsidiary CEO must engage in networking to achieve the co-ordination with his sister subsidiaries that integration requires.

Sister units are, however, not only internal customers or suppliers for a subsidiary's products or services, they also constitute internal labour markets and importantly internal competitors for the MNCs' limited resources and mandates (Mudambi 1999). Internal embeddedness may be either prompted by the parent or can arise as an initiative of the subsidiary CEO (O'Donnell 2000). Two new horizontal internal MNC middle management strategic activities are proposed: *internal coordinating* and *internal networking*.

8.3.1.1 Internal Coordinating

The organizational structure of the MNC and the demand for integration of activities require subsidiary CEOs to participate in lateral integrating mechanisms between units, including committees, project groups, and task forces. Subsidiary managers engage in strategic activities through their engagement within these interdependent structures of the MNC. These task-focused interactions allow middle managers to coordinate activities to align with the goals of the firm, or around a strategic agenda envisioned by the middle managers. Through their involvement in internal subsidiary networks, subsidiary management has the potential to gain access to crucial resources and build linking economies to increase the influence of their unit (Garcia-Pont et al. 2009). Subsidiary managers engage in international task forces and teams, and the transfer of personnel, the establishment of international committees and meetings (Ambos and Schlegelmilch 2007; Gupta and Govindarajan 1991; Harzing and Noorderhaven 2006; Noble and Birkinshaw 1998). This coordination

among managers from different foreign locations within the firm leads to a system of lateral networking (Bartlett and Ghoshal 1993; Ghoshal and Bartlett 1994), allowing subsidiary managers to share information about the goals and strategies of various sub-units of the MNC.

8.3.1.2 Internal Networking

The internal network relationship of MNCs includes both formal and informal relationships (Ghoshal and Bartlett 1990; Nohria and Ghoshal 1997). Outside of the formal integrative processes of the MNC, subsidiary managers engage in more informal activities to build the importance of their unit. The competitive nature of the internal MNC requires subsidiary managers to constantly seek opportunities to align with partners who could increase their level of importance. Research demonstrates that a sub-unit's power within an organization is greater when the sub-unit is highly interdependent with other sub-units (Astley and Zajac 1990). Subsidiary managers attempt to deepen their informal networks to build subsidiary distinctiveness (Garcia-Pont et al. 2009), increase innovation (Ciabuschi et al. 2011), and establish levels of influence within the MNC (Bouquet and Birkinshaw 2008a, b).

Advances in communication capabilities through information and communication technologies have created new, electronic means of coordination (Fulk and DeSanctis 1995; Yates and Orlikowski 1992). Therefore human-based coordination can be reduced in some parts of the organizational hierarchy, and parent-subsidiary coordination needs can be met by taking advantage of both personal and electronic-based coordination mechanisms (Rabbiosi 2011). These advances in the means of coordination increase the importance of subsidiary CEOs developing relationships outside of structured coordination routes.

Subsidiary CEOs are engaged in developing networks which can be considered a strategic resource (Dacin et al. 1999; Garcia-Pont et al. 2009). Building these relationships at the horizontal level can be a more informal approach as has been identified in middle manager studies (Balogun 2006; Rouleau and Balogun 2011). Subsidiary CEOs influence strategy at the horizontal level through their informal contacts with subsidiary managers.

These informal contacts which build trust add to the subsidiary's importance and are likely to attract attention from headquarters (Ambos and Birkinshaw 2010; Bouquet and Birkinshaw 2008a).

In summary, the subsidiary CEOs' internal networking and internal coordinating activities represent potential entrepreneurial behaviour to build a supportive context for initiative generation utilizing relationships within horizontal boundaries of the firm.

8.3.2 Horizontal External Boundary Spanning

The boundary spanning activities of subsidiary CEOs are not confined to the internal structures of the firm. Given their position as the subsidiary senior manager, they are external boundary spanners as they engage in strategic activity to deal with the various facets of this external environment (Birkinshaw et al. 2005). In terms of accessing information and opportunities in the environment, the middle manager is both a filter and a facilitator (Aldrich and Herker 1977). Their role is wider than boundary spanning for accessing information encompassing identifying trends and utilizing management autonomy to generate initiatives. They are not merely retuning raw data or even interpreted inter-relationships for the benefit of the TMT as Aldrich and Herker (1977) suggest. Subsidiary CEOs move beyond this to act on the information for the best interest of their subsidiary, even with potential agency implication. The subsidiary's external environment consists of customers for products and services, suppliers of components and services, external competitors, local government agencies, educational institutions, research facilities, and labour markets. Subsidiary CEOs are responsible for developing strategies to respond to the characteristics of the competitive environment.

A particular aspect of the MNC is the notion that subsidiaries are embedded in diverse local networks (Andersson et al. 2002; Forsgren et al. 2000; Ghoshal and Nohria 1997; Ghoshal and Bartlett 1990). Each subsidiary has a distinctive set of knowledge and network linkages and can therefore grasp new knowledge, ideas, and opportunities (McEvily and Zaheer 1999) from its relationships. These external links have been shown

to provide major opportunities for the subsidiary in knowledge and capability development. Corporate management has recognized that there are major advantages in enabling subsidiary managers to build these external linkages (Anderson and Forsgren 1996), but a greater understanding is needed of how MNC middle managers actually build these links. Subsidiaries' external network relationships are conducive to the subsidiary's learning of new knowledge, gaining information, resources, markets, or technology to reach its own goals (Gulati et al. 2000) and to reduce business speculation among others (Williamson 1991). Changes in subsidiary mandates depend not only on the endowment of the external environment but also on subsidiaries' potential to embed in the host country environment and to make local resources available to other MNC units (Anderson and Forsgren 2000; Dorrenbacher and Gammelgaard 2010).

Through development of external relationships, subsidiary managers develop unique and idiosyncratic patterns of network linkages and consequently expose the subsidiary to new knowledge, ideas, and opportunities (McEvily and Zaheer 1999). This differential exposure increases the breadth and variety of network resources and offers major strategic opportunities to subsidiary managers which have led in some cases to subsidiaries playing a major role in the basic competitive advantages of the MNC (Malnight 1996). However this is far from a straight-forward task for subsidiary CEOs. They are often expected to engage in the external environment while also being highly constrained by their internal MNC context. They must balance the expectations from headquarters while engaging in external relationships beyond the view of their parent company. To be able to meet such demands requires a diverse skill set on the part of the subsidiary management to balance their entrepreneurial behaviour with meeting the operational needs of the MNC. In response, two new horizontal external MNC middle management strategic activities, unique to this study, are proposed: *direct business networking* and *external linking*.

8.3.2.1 Direct Business Networking

Research has shown that a firm's set of social relations in its business network can have significant implications for its performance and influence (Gulati et al. 2000; Rowley et al. 2000; Uzzi 1996). It has been

established that a subsidiary's embeddedness in networks external to the MNC is a good predictor of the role a subsidiary may play within the overall organizational network (Anderson and Forsgren 1996; Andersson et al. 2002). MNC subsidiaries differ in relation to their integrative relationships with their business partners composed of customers and suppliers (Anderson and Forsgren 1996). It is the responsibility of the subsidiary CEO to develop these relationships. Subsidiary managers engaging within a network of external business actors engage in integrative strategic activities to build strong relationships within the business environment. Such relationships have been highlighted as a major reason why some subsidiaries perform higher both in terms of their market performance and their role in competence development throughout the MNC (Andersson et al. 2001).

Trading within local external environment has a positive impact on the development of products and processes in the MNC, but it has also been shown to be a source of power in the subsidiary-headquarters relationship (Andersson et al. 2002; Birkinshaw and Hood 1998; Geppert et al. 2003; Morgan and Whitley 2003). Subsidiary CEOs integrate the subsidiary within the local business context, but they may also search for potential innovation avenues which could lead to increased ownership and mandate evolution. Firms are interconnected with the external business environment through a wide range of social and economic relationships. For MNCs, the subsidiary CEO has responsibility for instigating and developing many of these external connections. The importance of these activities is evidenced by arguments that the buyer-seller relationships should be at the centre of investigation on strategy research (Andersson et al. 2002; Cunningham and Homse 1986; Johansson and Mattsson 1988; Webster 1979; Williamson 1979). Business network relationships describe the exchange relationships between two firms doing business with each other, that is, between buyers and sellers (Blackenburg Holm et al. 1999). They are of considerable importance, since they are often long-lasting (Hakansson 1982) and very influential on the strategies of the exchange partners (Blackenburg Holm et al. 1999). The existence of a subsidiary's relationships with customers and suppliers implies that the subsidiary is linked to external actors through sales and the purchase of goods and services. At one extreme the relationships can be of a purely

arm's length nature. The transactions between the subsidiary and its customers are then based on economic considerations. At the other extreme, transactions are based on very long-lasting relationships between the subsidiary and its customers/suppliers. In such arrangements subsidiary management has a major role to play in developing relationships which go beyond straight-forward business transaction (Anderson and Forsgren 1996; Andersson et al. 2002, 2007). Through this interaction with external business actors, subsidiary CEOs negotiate contracts, establish strategic alliances, access market knowledge, and build long-term business linkages.

8.3.2.2 External Linking

Research on the competitive advantage of multinationals has highlighted the importance of subsidiaries building linkages and assimilating knowledge, not just from their direct trading partners but also from different elements within the external environment. Within a local business environment, there are various support structures and resources outside the business network of customers and suppliers. Government agencies, universities, and research centres are just some examples of potential sources of knowledge and resources for the subsidiary. By creating a bridge between these different actors, subsidiary CEOs may open the opportunities to leverage these links for innovation and mandate evolution.

Research on the competitive advantage of multinationals highlights the importance of a subsidiary's ability to build linkages and assimilate knowledge from different elements within the external environment (Forsgren et al. 2005).

There are many players in the external environment which firms may look to engage with. These relationships are often outside of the usual business interface and may include competitors, trade associations, and government agencies. A firm's competitive performance can be facilitated by the social attachments they create with several actors in their social environment (Granovetter 1985; Uzzi 1996). Such relationships are based on the logical and trustful cooperative behaviour that can potentially create a basis for knowledge transfer and learning across the bound-

aries of the firm. Particularly firms can acquire strategic assets through inter-firm linkages embedded in social relations and networks in order to achieve competitive advantage (Figueiredo 2011). It is the role of the subsidiary CEO as middle manager within the MNC to build these relationships but by their very nature, they are often informal and the individual CEO must use their own judgement in engaging in this process. For MNCs, while globalization brings with it the reality that some factors of production are increasingly mobile, many institutions tend to be internationally immobile (Mudambi and Navarra 2002). Formal and informal institutions affect the interactions between firms and therefore affect the relative transactions and coordination costs of production and innovation (Rodrik et al. 2004).

For subsidiary managers, who operate in an increasingly constrained reality, the external environment beyond the business context has certain attractions. The institutions that operate within the local context may be very supportive of the subsidiaries' operations due to the economic benefit that the companies are bringing. Local actors such as government development agencies and local universities have potential complementary and supportive competencies which could provide real benefits for subsidiaries (Costa and Filippova 2008; Criscuolo and Narula 2008; Monaghan 2012; Monaghan et al. 2014). Leveraging the opportunities available in the support structure of their local context can significantly impact a subsidiary's ability to strengthen its competitive position (Cantwell and Mudambi 2005; Figueiredo 2011). This allows the subsidiary CEO to develop relationships which are heavily weighted towards supporting the subsidiary itself. Due to bounded rationality problems, it may also allow the subsidiary manager to develop the relationship out of the view of headquarters. Therefore external networking is a strategic activity in which subsidiary CEOs can potentially drive their own agenda for the subsidiary for innovation and mandate evolution.

In summary, the subsidiary CEOs' direct trading and external linking represent potential entrepreneurial behaviour to build a supportive context for initiative generation utilizing relationships external to the company.

8.3.3 Attentional Engagement

Having identified the specific boundary spanning activities, both internal and external, it is crucial to assess how different managers direct their attention across the range of activities. Scholars have recently argued that even when compared with information, attention is the most critical, scarce, and sought-after resource in organizations (Ambos and Birkinshaw 2010; Haas and Hansen 2001). The importance of attention in organization studies can be traced back to Simon (1947) and Cyert and March (1963). Particularly the attention-based view (ABV) has made major progress in explaining organizational adaptation (Ocasio 2011). The ABV has been employed to great effect in international business and multinational management, but predominantly it has been applied at the organizational level and has focused on issues such as the allocation of headquarters' attention (e.g. Ambos and Birkinshaw 2010; Bouquet and Birkinshaw 2008a, 2011; Montiero 2015) and the impact of attention on subsidiary performance (Ambos and Birkinshaw 2010; Bouquet and Birkinshaw 2011). More recently Montiero (2015) has utilized a more granular approach in applying the ABV to the process of selecting specific external opportunities. Taking the lead from Ocasio's (2011) call for more research on bottom-up processes, this article takes a more micro-foundational approach by focusing on the horizontal boundary spanning activities of individual subsidiary CEOs. To effectively comprehend the factors intervening in the formulation of strategic activities, researchers have to study managers in their full complexity. Their mind-sets are important, but the actions they engage in to put their knowledge base in context (Bouquet and Birkinshaw 2011) are really the key to studying entrepreneurial activities in MNCs.

The crucial question is how different managers allocate their attention across the strategic activities to achieve entrepreneurial outcomes. Attentional engagement can be defined as the process of intentional, sustained allocation of cognitive resources to guide problem solving, planning, sensemaking, and decision making. Attentional engagement focuses time, energy, and effort on a selected set of environmental stimuli, repertoire of action responses, and the relationships between them. This chap-

Table 8.1 MNC dilemmas and subsidiary middle manager expected activities

MNC/subsidiary dilemma	Internal coordinating	Internal networking	Direct business networking	External linking
Integration	✓	✓	✓	
Innovation		✓	✓	✓
Ownership	✓	✓	✓	
Control	✓	✓	✓	
Mandate evolution		✓	✓	✓

ter proposes that subsidiary CEOs allocate their attentional engagement (Ocasio 2011) across the four horizontal boundary spanning activities depending on the context in which they are operating. The context is dictated by the three dilemmas facing subsidiary managers in today's MNCs (Mudambi 2011). Table 8.1 identifies the proposed linkages between the MNC subsidiary dilemma and the level of attentional engagement. This highlights how the context can dictate the extent to which subsidiary managers can focus their attention on different strategic activities. The following section then develops hypothesis to test the impact of these behaviours on crucial entrepreneurial outcomes.

8.3.4 Hypotheses

Having outlined the strategic activities subsidiary CEOs engage in and the related management context, a series of hypotheses are developed to assess when these activities become entrepreneurial behaviours. In order to do so this chapter focuses on the subsidiary-level outcome, which has been the focus of so much subsidiary entrepreneurship research (Birkinshaw 1997, 1999), and subsidiary initiative. There is an excellent stream of literature which highlights the importance of initiatives at the subsidiary level which are a major source of corporate entrepreneurship across the organization (Ambos et al. 2010; Birkinshaw 1997, 1999; Delany 2000). Whereas innovations in single business firms are likely to be reflected in firm growth/enhanced financial position, in the case of subsidiaries, it also involves actions which improve the subsidiary's standing or role within the MNC. These initiatives have been shown to

be a crucial driver of subsidiary development (Birkinshaw and Hood 1998).

There is extensive and wide-ranging literature highlighting the important role that subsidiaries can play in developing subsidiary initiatives. The importance of subsidiary management in this process has been well documented (Ambos et al. 2010; Birkinshaw 1997, 1998, 1999; Birkinshaw and Fry 1998; Birkinshaw et al. 1998, 2005). This study differs in attempting to move beyond taking subsidiary management as a single variable. The approach taken in this study was to uncover a more in-depth picture of the relationships between subsidiary management and initiative. Studies of subsidiary initiative have tended to focus on the elements of subsidiary context as the important drivers. Leadership at the subsidiary level has been included as a factor but the dimensions of that management role have not been uncovered. Subsidiary managers engage in strategic activities in a constant process of interactions within the internal and external competitive environments in which they operate. There is no one strategic role which relates to innovation; instead it is a build-up of strategic activities which culminates in innovation. The hypotheses proposed in this study examine the relationship between the four horizontal subsidiary management activities and the rate of initiative generation by the subsidiary. The following hypotheses are outlined:

- Hypothesis 1: There is a positive relationship between the horizontal boundary spanning activity—**internal coordinating**—and subsidiary initiative generation.*
- Hypothesis 2: There is a positive relationship between the horizontal boundary spanning activity—**internal networking**—and subsidiary initiative generation.*
- Hypothesis 3: There is a positive relationship between the horizontal boundary spanning activity—**direct business networking**—and subsidiary initiative generation.*
- Hypothesis 4: There is a positive relationship between the horizontal boundary spanning activity—**external linking**—and subsidiary initiative generation.*

8.4 Methods

Ireland was chosen as the location for the study given the comparatively modest number of subsidiaries in Ireland relative to some of its geographic neighbours. Therefore the entire population was included in the study avoiding issues of potential external validity (Bettis 1991; Hubbard et al. 1998; Short et al. 2002) and potential problems in sampling design such as systematic biases (Short et al. 2002). The most reliable informant for our study was the most senior manager in the subsidiary, the subsidiary CEO, from both theoretical and practical perspectives. The survey was sent to approximately 1150 subsidiary CEOs and the response rate was 17%. The number of cases considered by this research was 186, and as factor loadings on components are high, this comfortably meets acceptable levels (Comrey and Lee 1992; Pallant 2013; Tabachnick and Fidell 2007).

Factor analysis using principal factors method with varimax rotation was used to identify underlying dimensions of middle manager strategic activities. Factor analysis is based on the assumption that the structure of a data set can sometimes be adequately defined by a relatively small number of underlying factors or latent constructs, which are derived from analysing the correlations between the variables (Dess et al. 1997). The objective is to define a set 'of common underlying dimensions' (Hair et al. 1998) to reduce the complexity of data analysis for the researcher or to reduce a large variable set for use in subsequent analysis. In addition, Guadagnoli and Velicer (1988) contend that a factor with four or more loadings in excess of 0.6 should be reliable regardless of sample size, and samples of 150 or more meet reliability requirements if factors have 10 or more loadings greater than 0.4. Similarly, MacCallum et al.'s (2001) study indicates that the size of the sample required is relative to the level of communalities and that 100–200 cases may be acceptable when communalities are in excess of 0.5. For this study, the communalities table for each factor analysis executed indicates that the majority of items achieve a minimum communality of 0.5, with many variables achieving communalities in excess of 0.6.

8.4.1 Control Variables

In order to investigate potential confounding due to the possible influence of size and industry, these variables were used as controls in the analysis. The log of number of employees was used as a measure of firm size. Tenure of the manager was included and the constraints of the company and external industry constraints were also included.

8.4.2 Results

As the diagnostic tests confirm the suitability of the data for factor analysis, the process was executed and the results were examined to assess the discriminant validity of the variables. An examination of the rotated component matrix for the strategic activity variables displayed in Table 8.2 indicates that four factors with Eigen values greater than 1 were identified from the data, explaining 69.4% of the total variance. Hair et al. (Hair et al. 1998: 378) confirm that this level is acceptable as 'it is not uncommon for the analyst to consider a solution that accounts for 60% of the total variance (and in some instances even less) as a satisfactory solution'. As factor analysis is an exploratory tool, the number of factors to extract is dependent on the level considered appropriate by the researcher following examination of the scree plot (Cattell 1966).

Generally, only variables with a loading of more than 0.4 are meaningful (Pedhazur and Schmelkin 1991) and 'practically significant' (Hair et al. 1998). Comrey and Lee (1992) advise that loadings in excess of 0.55 are good, in excess of 0.63 very good, and of higher than 0.71 excellent. Most of the loadings fall into the category of 'very good' or above. While the choice of cut-off depends on researcher preference, in this study only those items with loadings of 0.55 or more are included in further analysis as they explain at least half of the variance. For ease of presentation, the tables include only coefficients in excess of a 0.3 factor score. The results confirmed that the four horizontal boundary spanning activities proposed in the study were stand-alone factors and were therefore identifiable activities in which the subsidiary CEOs were engaging in.

Table 8.2 Rotated component matrix middle manager strategic influence activities

Rotated component matrix ^a	Component							
	1	2	3	4	5	6	7	8
<i>Internal coordinating</i>								
Participate in temporary meetings with managers from other international locations	0.895							
Participate in temporary task forces to facilitate international collaboration	0.877							
Engage in informal personal contact between other subsidiary managers	0.875							
Participate in inter-unit committees to engage in joint decision making	0.867							
Seek advice from other subsidiary managers	0.731							
<i>Internal coordinating</i>								
Align with partners who have access to important resources								0.844
Building linkages with subsidiaries with complementary resources								0.747
Track record of enlisting the support of key people within the MNC								0.484
<i>Direct business networking</i>								
Meet with government agencies to discuss new subsidiary projects					0.873			
Invite government agencies to meet management from head office					0.867			
Identify potential alliances with local universities/institutes of technology					0.663			
<i>External linking</i>								
Encourage new subsidiary projects in conjunction with local suppliers							0.726	
Encourage new subsidiary projects in conjunction with local customers							0.662	
Communicate the activities of the subsidiary's competitors, suppliers, and so on							0.553	

Extraction method: principal component analysis Rotation method: varimax with Kaiser normalization

^aRotation converged in seven iterations

8.5 Findings

Analysis of variance (ANOVA) was used to examine the overall association among the four types of subsidiary management horizontal boundary spanning activities and the subsidiary initiative generation. The control measures were also included as covariates. The results for hypothesis 1 are outlined as follows.

8.5.1 Subsidiary Initiative

As indicated in Table 8.3, the R^2 value confirms that 49% of the variance in the outcome variable, *Strategic Initiatives*, is explained by the control variables and the strategic influence of the MNC middle manager. Of the four hypotheses, there was support for one of the outlined relationships.

The subsidiary CEO's horizontal strategic activity, *expanding external links*, emerged as the most significant relationship. This is a major finding for the study as it confirms a direct relationship between the entrepreneurial behaviour of the individual MNC middle manager and subsidiary contribution in the form of initiative generation. It also confirms the importance of external

Table 8.3 Strategic initiatives: regression analysis

Control variables	Beta	Sig.	
Tenure in position	-0.027	0.672	
Subsidiary age	-0.024	0.719	
Subsidiary size	0.081	0.290	
Industry sector	-0.028	0.664	
Management control	0.124	0.100	
Internal constraints	-0.019	0.824	
External constraints	-0.046	0.596	
Strategic activity variables	Beta	Sig.	Hypotheses
<i>Horizontal internal influence</i>			
Internal coordinating	-0.069	0.378	1
Internal networking	0.012	0.875	2
<i>Horizontal external influence</i>			
Direct business operating	0.013	0.868	3
External linking	0.524***	0.000	4
F ratio	8.872		
R ² (adj R ²)	0.493	0.437	

Regression coefficients are standardized. S.E Beta in parentheses
 + $p < 0.10$, * $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$

links beyond the business environment in developing new initiatives in MNC subsidiaries. The extent to which a subsidiary learns from its local environment critically impacts innovation (Mu et al. 2007), but this finding confirms that it is not enough for subsidiaries to simply build links with customers and suppliers (Giroud 2007; Santangelo 2009). The real value may be in building high-quality links with crucial actors beyond those initial links.

The lack of a significant relationship for hypotheses 1, 2, and 3 may be explained by the relationships proposed in Table 1. The data confirms that managers are engaged in these activities, but it may be that they focus their attention on horizontal activities more associated with integration due to their MNC context. The results suggest that when subsidiary CEOs are pursuing more entrepreneurial goals, they will focus their attention on building external links where they can access new knowledge and crucial business networks.

8.6 Discussion

Despite growing scholarly interest and recognition of the importance of understanding what middle managers do within complex organizations, there are still important gaps in our knowledge. In response we have analysed the horizontal boundary spanning activities of subsidiary CEOs as MNC middle managers, allowing us to make two important contributions to theory.

The first contribution from this research is to respond to the highest priority facing middle management research (Ahearne et al. 2014; Wooldridge et al. 2008) by developing an extensive framework of their horizontal strategic activities and assessing the related impact of those activities on key entrepreneurial outcomes within organizations. Existing typologies of middle managers draw exclusively from top management and deliberate strategy, which, while providing a useful reference point, has led to a focus on strategy as a vertical continuum from top to bottom in organizations. While acknowledging middle managers as important mediators across organizational boundaries (Ahearne et al. 2014; Balogun and Johnson 2004; Bartlett and Ghoshal 1993; Floyd and Wooldridge 1997), there are still too few studies (Balogun et al. 2011; Rouleau 2005; Rouleau and Balogun 2011) that investigate how middle managers actually manage the horizontal flows of strategy,

renew intraorganizational and external relationships, and leverage those relationships to pursue entrepreneurial objectives. This study represents a significant step towards addressing this oversight, providing a strong theoretical framework for further exploration.

The nature of these middle manager activities both inside and outside the firm underpins two crucial aspects of the development of competitive advantage in the modern MNC. The competitive advantage of MNC is based on their ability to access and match knowledge and expertise in the internal and external environment. Managers are required to integrate within these environments but also engage in activities which lead to innovation. The strategic interface between the external and internal MNC environments is manned by the subsidiary CEO. This research demonstrates that through a more in-depth understanding of the strategic actions of subsidiary managers, these individuals can become a key organizational resource in developing firm-specific advantages.

The second contribution of this study is to substantiate how subsidiary CEOs balance the three key dilemmas in the headquarter-subsidary relationship when pursuing corporate entrepreneurship in the form of initiatives. Despite the rich MNC literature, insights to date on how subsidiary CEOs respond to these critical dilemmas have remained fragmented. Identifying middle managers' strategic activities within the MNC sheds new insights on existing research and provides a research agenda to study how managers can engage in entrepreneurial behaviour while balancing the range of activities required on them to balance the conflicting dilemmas within large international organizations.

8.7 Implications for Entrepreneurial Management Behaviour

This study provides key insights to guide the entrepreneurial behaviour of middle managers at both the levels of the individual manager and the organization. At the individual level, our integrated framework of horizontal strategic actions provides direction on how middle managers can respond to the challenges of leading a subsidiary unit while meeting the often conflicting demands of its parent. The vertical lines of communication are often very well formalized in a middle manager's role, but it is

through the cultivation of horizontal relationships that managers may access knowledge and exert influence outside of their parent company mandate. Middle managers need to develop their awareness of the potential range of strategic activities open to them, both within and outside the firm. Operating within a complex organization can lead to internal myopia, and limitation of manager's perspective to their organization. The realization that other middle managers in MNCs build crucial links with strategic sister subsidiaries or with wider institutions including government agencies and universities may provide major possibilities for middle managers in different contexts to consider.

From the organizational perspective, senior management needs to understand and appreciate the relationship between middle management behaviour and corporate entrepreneurship in the MNC. Although headquarters may recognize the potential of its network of subsidiaries, in many cases control dominates flexibility in interactions with middle management. Insights from this study may prompt headquarters to more easily accept that middle managers play a major role in achieving firm-specific advantages (Osterman 2009) and to instead consider the guidance and support they must provide to benefit from these activities. Our framework of middle manager strategic activities may encourage headquarters' management to be more responsive to entrepreneurial behaviour at the subsidiary level and less likely to assume that subsidiary strategic activities are driven by self-interest and opportunism as agency theory implies (Jensen and Meckling 1976). This will be critical if the MNC is to benefit further from the entrepreneurial behaviour of their middle managers.

8.8 Conclusion

This chapter establishes a framework of subsidiary manager horizontal boundary spanning activities within the context of the MNC and the external environment in which they are based. We then set out to identify which of these actions were entrepreneurial behaviours by testing their impact on a specific entrepreneurial outcome at the subsidiary level. The findings confirm that subsidiary managers at the middle management level in MNCs must focus their attention on a range of horizontal activities both inside and outside the organization to meet the conflicting

demands placed on them to drive corporate entrepreneurship in the form of new initiatives. Crucially it is those managers who engage in entrepreneurial behaviour outside of the boundaries of the firm who were the most successful. These findings are enlightening for middle managers in organizations who can be uneasy about engaging in entrepreneurial behaviours that may appear to senior management as if they are developing an independent more entrepreneurial 'strategy' for their unit. As our framework confirms that these activities are part of the 'normal' strategic activities of such managers, this understanding may 'legitimize' the entrepreneurial behaviour of individual middle managers within organizations.

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9

Entrepreneurial Cognition and Behaviour: The Antecedent Role of Affect

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9.1 Chapter Overview

This chapter examines the impact of affect on entrepreneurial behaviour. The chapter opens with Sect. 9.2, an introduction exploring the affective revolution taking place in the entrepreneurship literature and the impact of affect on behaviour. This is followed by Sect. 9.3, an examination of the theoretical perspectives on affect—as a trait, as a state, affect-as-infusion, and affect-as-information are discussed. Furthermore, the seemingly incongruent nature of affect, whereby seemingly opposing affective reactions can result in a similar behaviour, is presented (e.g. stress and enthusiasm are two different affective states that both result in similar behaviour, i.e. the

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active processing of information from the environment). Section 9.3.1 discusses the link between affect and behaviour through the mental health lens, with reference to the adaptive nature of Behavioral Inhibition System/Behavioral Approach System (BIS/BAS) and the Dark Triad (Machiavellianism, narcissism, and psychopathy). These antagonistic personalities have been linked to entrepreneurial -entry, -intention, and -behaviour. Sect. 9.3.2 explores the entrepreneurial consequences of affect through existing research on specific emotions. For instance, overconfidence prompts market-entry decisions and an underestimation of the competition, whilst negative affect can be adaptive, facilitating critical thinking, eliminating halo effects and inferential biases, which in turn reduces gullibility and increases scepticism. Section 9.3.3 highlights the philosophical roots guiding our understanding of affect, whilst Sect. 9.3.4 centres on the usefulness of both positive and negative affects. It is argued that context is crucial in explaining affective influences on behavioural outcomes.

In the latter part of the chapter, Sect. 9.3.5 touches on expected future affective states. Section 9.3.6 discusses affective dissonance across time, in particular the desire to achieve affective balance and the contrast between the positive and negative hedonic valence during present and future events. Section 9.3.7 examines a specific affective state (fear) and its impact on entrepreneurial behaviour. Section 9.3.8 explores the individual and social cognitions that shape attentional processing. Finally Sect. 9.4 presents the conceptual framework emerging from this study and the chapter culminates with Sect. 9.5, presenting the conclusions and future research directions.

9.2 Introduction

In the popular press, and in line with the mindfulness movement, the role of affect (in particular positive affect) in our daily lives is the topic of much discussion. The focus on affect has been mirrored in the academic literature with Baron (2008) recognizing entrepreneurship as an emotional journey. Entrepreneurial emotion is defined by (Cardon et al. 2012, p. 3) as “the affect, emotions, moods, and/or feelings – of individuals or a collective – that are antecedent to, concurrent with, and/or a consequence of the entrepreneurial process, meaning the recognition/creation, evaluation,

reformulation, and/or the exploitation of a possible opportunity”. While much focus has been on positive approach-oriented affect such as optimism, confidence (Keh et al. 2002), and self-efficacy (Strobel et al. 2011), in recent years, negative emotions have come under scrutiny with explorations of fear (Morgan and Sisak 2016; Cacciotti and Hayton 2015), grief (Shepherd and Kuratko 2009; Shepherd and Wolfe 2014), shame (Singh et al. 2015), guilt (Mandl et al. 2016) emerging, in addition to character defects such as greed (Akhtar et al. 2013) and hubris (Hayward et al. 2006).

Following this concept of the individual as an emotional being, and in a move away from the focus on generally positive and negative mood effects (Lerner et al. 2015), research on decision-making has started to pay closer attention to specific incidental emotions and their resultant appraisals (e.g. certainty and controllability). However, entrepreneurship research continues to merely “scratch the surface” as it pays close attention to mild affective states, arguing for their key importance in the entrepreneurial process (Baron 1998; Baron et al. 2012). The impact of affect on cognition has been well documented and evidenced in the organizational behaviour literature (Forgas and George 2001) and has the potential to explain a wide range of entrepreneurial behaviours (Baron 2008; Baron et al. 2011).

Entrepreneurial behaviour is readily identifiable *ex post*, yet understanding the cognitive antecedents is more difficult. Kirkley (2016) found four values deemed critical to the motivation and expression of entrepreneurial behaviour—*independence, creativity, ambition, and daring*. However, the authors argue these four values can be undermined and eroded by affect and emotion. Fear, and its impact, is one such emotional state, and it will be explored in greater detail later in the chapter, as emotions and moods are recognized as potential influencers of entrepreneurial action (Baron 1998). In this chapter, the word “affect” is used as an umbrella term to refer to both specific emotions and mood states (Baron 2008; Barsade and Gibson 2007) (see [Appendix](#) for more detail on the nuances between emotion and mood). Affect has been shown to differ in terms of two main dimensions, namely, *valence (positive vs. negative) and arousal/energy (alertness or engagement vs. sleepiness or disengagement)* (Russell and Barrett 1999). Yet there is evidence suggesting that these two dimensions alone do not comprehensively explain the relationship between affect and decision-making (Lerner and Keltner 2000, 2001).

The conceptual framework presented at the end of this chapter sets forth affective dissonance and attention as potential additional dimensions that should be considered when exploring the link between affect and action.

Affect is critical to entrepreneurial pursuit and shapes entrepreneurial cognition. Furthermore, affect may influence entrepreneurial action in varying ways depending on the situational context. Mild affective states may have a pervasive influence on cognition and behaviour, particularly in settings that require constructive thinking and extensive use of cognitive resources (Forgas 1995). This is particularly the case when the decision-maker has to autonomously generate ideas and search beyond the given information (Fiedler 1991). Business venturing, opportunity pursuit, and market entry are inherently uncertain (McMullen and Shepherd 2006); planned action and scripts are largely missing, requiring individuals to operate with an incomplete view. Consequently, such a context enables mood to infuse entrepreneurial cognition and action (Baron 1998). Moreover, both entrepreneurial idea generation (Hayton and Cholakova 2012) and goal-setting (Delgado-García et al. 2012) are examples of constructive or generative thought processes in the course of new venture creation. Therefore individuals seeking to enter new markets are operating in an uncertain environment, with incomplete information; thus generative thought processes are required—such a confluence of factors heightens the potential importance of affect. Furthermore, the sense of identification and personal entanglement that forms between the entrepreneur and their business is powerful, as such, emotion—both positive (e.g. confidence, joy) and negative (embarrassment, grief)—influences behaviour and decision-making in the entrepreneurial context (Wolfe and Shepherd 2015; Shepherd and Kuratko 2009). Affect (positive and negative) has purpose, and this chapter intends to explore the potential impact it has on behaviour.

9.3 Theoretical Perspectives on Affect

Affect can be explored through the lenses of traits or states (Watson and Tellegen 1985; George 1991). Affective traits are stable tendencies to respond in affectively similar ways (positive vs. negative) to a variety of events in life (Lyubomirsky et al. 2005). Positive and negative affective

traits have been shown to be related to entrepreneurial goal-setting and satisfaction (Delgado-García et al. 2012). Where behaviour is concerned, a trait approach—whether affective or not—indicates a stable personality disposition, independent of specific characteristics, whilst a state approach considers behaviour as the result of psychological processes induced by situational characteristics (Cacciotti and Hayton 2015). Trait research has been the cornerstone of early entrepreneurship research; however a small but growing number of articles examine whether entrepreneurs have a higher positive affective disposition than the general population (Baron et al. 2011; Baron et al. 2012).

State affect (affect experienced in a particular moment) has been suggested to shape entrepreneurial cognition and subsequent decision-making (Baron 1998). One way in which affect (positive and negative) can infuse our thinking is by activating affectively similar cognitive material through memory and past experiences. For instance, if an entrepreneur has failed completely in a particular course of action, that specific stumble is likely to remain connected in their mind to unpleasant or negative affect. According to the associative models of human memory (Bower 1981), it is likely that in a future situation, when the entrepreneur experiences a similar affective state, he or she will retrieve and remember information congruent with that negative feeling. For example, affectively congruent information can include recalling past financial losses or the social and personal costs attached to entrepreneurial failure. This theoretical approach has its roots in the affect-as-infusion theory (Forgas 1995), which has received extensive empirical support (Forgas 2002; Tan and Forgas 2010; Forgas 2013). A second complementary (Forgas and George 2001) way in which mood and some specific emotions (Schwarz 2002) can impact thought processes is through the affect-as-information mechanism (Schwarz and Clore 2003). This theoretical framework considers that decision-makers use their existing mood as a valid source of information to guide subsequent behaviour (Clore et al. 2001). It suggests that affect may have actual informative value—an individual assesses their affective disposition, and depending on the assigned level of importance/significance attached to the affect, they incorporate this into their evaluation of a particular opportunity (Welppe et al. 2012). Essentially, prior to acting on an opportunity, an entrepreneur's "emotions

shape the impact of the cognitive evaluation of the opportunity on the tendency to exploit it” (Welpel et al. 2012, p. 70). A positive affective state may indicate that the present environment is benign and safe, and therefore little action is needed to adapt to it (Schwarz and Clore 2003). Similarly, high-energy affects such as nervousness, stress (both negative), enthusiasm, and excitement (both positive) engage decision-makers to actively process information from their environments, whilst low-energy moods like boredom, depression (negative), contentedness, and serenity (positive) are aligned with withdrawal and low engagement (Healey and Hodgkinson 2017; Elsbach and Barr 1999).

In sum, affect is important in opportunity recognition as well as realization (Baron 1998; Goss and Sadler-Smith 2017). Positive emotions are linked to holistic and creative thinking, whilst negative emotions are coupled with critical and analytical information processing (Healey and Hodgkinson 2017). Based on this premise, an entrepreneur who feels in a good mood may be more willing to quickly commit to a given opportunity (potential type I error), or conversely, if in a negative mood, they may reject a promising opportunity prematurely (potential type II error) (Baron 2007). However, seemingly opposing affective dispositions (e.g. depression and serenity) can result in similar behaviour despite emerging from very different triggers.

9.3.1 Linking Affect and Behaviour: The Mental Health Lens

A novel lens through which to view the association between affect and behaviour is mental health. There is growing interest in the link between mental health and entrepreneurship in the popular (Bruneau 2018; Kaufman 2018; Bruder 2013) and academic (Stephan 2018; Wiklund et al. 2018) press. Wiklund et al. (2018) argue that it is context that largely determines whether particular human characteristics and behaviour can be considered functional or dysfunctional. Research on both the Behavioral Inhibition System/Behavioral Approach System (BIS/BAS) and the Dark Triad (Hmieleski and Lerner 2016; Haynes et al. 2015a; Haynes et al. 2015b; Mathieu and St-Jean 2013; Ronningstam and Baskin-Sommers

2013) explore the adaptive nature of mental disorders. Where psychopathy and BAS are present, an individual's ability to feel fear is questionable (e.g. psychopathy); given that risk-taking is central to entrepreneurial action, a disorder such as psychopathy is arguably useful. As such it is no surprise that the Dark Triad, encompassing Machiavellianism, narcissism, and psychopathy, "an important cluster of antagonistic personalities in psychology" (Jones and Figueredo 2013, p. 521), has been tentatively linked to entrepreneurial entry (Hmieleski and Lerner 2016), entrepreneurial intention (Kramer et al. 2011), and entrepreneurial behaviour (Rauch and Hatak 2015).

Mental disorders also influence individuals' allocation of attention to environmental stimuli in different ways (Wiklund et al. 2018). For instance, ADHD broadens individuals' attention (Kasof 1997), which in turn can facilitate the recognition of new entrepreneurial opportunities (Shepherd et al. 2017; Wiklund et al. 2018). Autism is linked with pattern identification (Baron-Cohen et al. 2009) and dyslexia with more original thinking (Tafti et al. 2009). Individuals with bipolar disorder and ADHD experience unusually high positive affect; this can also facilitate opportunity recognition (Baron 2008; Wiklund et al. 2018). Furthermore narcissistic entrepreneurs may influence "stakeholders' attention to opportunities for change, increase optimism regarding change, and mobilize their resources" (Wiklund et al. 2018, p. 19). The narcissists' disposition towards working for themselves rather than working for the firm is likely to hinder stakeholder support in the long term, yet it can be adaptive to business venturing and short-term stakeholder support (Wiklund et al. 2018).

Although there is an elevated prevalence of individuals with dark characteristics engaging in business venturing, there remains a large majority that are likely to have a more rounded emotional experience. Whilst dark predispositions may be heralded as useful for entrepreneurship, overall psychologists maintain that emotions are more adaptive than maladaptive as they "provide important signals regarding the degree of fit between people and their environments, focus their attention, and enable them to react quickly to the situation at hand" (Healey and Hodgkinson 2017, p. 112). Furthermore, seemingly negative affect is not without use and the adaptive functions of mild negative mood states are recognized in the

psychology literature (Forgas 2013). In summary, the mental health and entrepreneurship research stream highlights that affect (both positive and negative) can be either adaptive or maladaptive depending on the context. Furthermore, certain mental disorders are conducive to entrepreneurial behaviour, and the initiation of business venturing and the emerging research evidence this.

9.3.2 Entrepreneurial Consequences of Affect

In order to further explore the entrepreneurial consequences of affect, this section will explore existing research on the subject. Firstly, joy, one of the functions of joy is to detect new chances and opportunities (Carver 2003). Joy has been found to increase exploitation and magnify the relationship between evaluation and exploitation (Welpe et al. 2012). Interestingly anger has also been found to do this, thereby further highlighting that two very different affective dispositions can lead to identical outcomes.

In another vein, optimistic individuals are more likely to regard adversity as a challenge and remain confident during difficult periods. Research suggests that a biased optimistic approach at very early entrepreneurial stages may unlock motivational resources and ultimately increase performance (Bénabou 2015). This shows that even when an individual is biased by their affective disposition, it can be advantageous. However, the beneficial entrepreneurial consequences of positive affect as a stable disposition have been found to be curvilinear (Baron et al. 2012). New entrepreneurial ventures are subject to the “liability of newness” (Hannan et al. 1998), and being blinded by optimism does not negate this liability. Thus, while it is beneficial, optimism becomes less favourable if it manifests into overconfidence. Research has found support for a negative relationship between overconfidence and survival rates in nascent entrepreneurial markets (Koellinger et al. 2007). Overconfidence prompts market-entry decisions and underestimation of the competition, which has long-lasting implications for the future of a firm (Cain et al. 2015).

However, confidence and even overconfidence can be productive in the appropriate context. They result in entrepreneurial resilience in the long

term and thus help reduce any negative outcomes arising from risk-taking (Hayward et al. 2010) or entrepreneurial failure (Ucbasaran et al. 2013). Overconfidence may be a natural way to cope with a difficult environment and may be more adaptive in specific situations (Bollaert and Petit 2010). Overconfidence fosters positive affect in entrepreneurial contexts (Hayward et al. 2010). This pleasant affective state, bolstered by recent success, may in turn enable individuals to more easily process information that could threaten their self-esteem (Trope and Pomerantz 1998) and potentially enhancing decision-making performance (Elorriaga-Rubio, 2018).

Where negative affect is concerned (which may arise in time-pressured, uncertain, or challenging work environments), it can promote self-defensive mechanisms and increase inward-looking responses (Ucbasaran et al. 2013). However negative affect can at times be adaptive, facilitating critical thinking (Healey and Hodgkinson 2017), and increasing scepticism (Forgas 2013). Furthermore, negative affect leads individuals to pay closer attention to external information, thus improving interpersonal effectiveness and enabling individuals to produce higher-quality persuasive arguments when necessary (Forgas 2013).

These findings highlight the adaptive nature of affect. Neither positive nor negative affect is wholly adaptive nor wholly maladaptive—each has its purpose depending on the situation at hand.

9.3.3 Antecedents of Affect

When considering the links between affect and behaviour in the entrepreneurship context, it is important to understand the antecedents of affect as they unfold in the entrepreneurial process.

Philosophers have frequently written about the *conflict between reason and emotion* as a conflict between divinity and animality (Haidt 2001). Two contributing classes of motives that bias and/or influence reasoning are relatedness motives that refer to impression management and the fluid interactions with people and coherence motives that “includes a variety of defensive mechanisms triggered by cognitive dissonance and threats to the validity of one’s cultural worldview” (Haidt 2001). Related to the latter motive is entrepreneurs’ need to safeguard a positive

self-image, which may be a more influential driving force than objective, data-driven approaches to decision-making (Jordan and Audia 2012). When navigating uncertain environments, a self-enhancement motive, that is, the need to see oneself in a positive light, may be a natural reaction to psychologically cope with a highly uncertain—and thus potentially threatening—business environment (Elorriaga-Rubio, 2018).

Similarly, according to recent research on motivated beliefs of economic decision-making, individuals facing high uncertainty, such as entrepreneurs, may respond in “judgement-driven” (i.e. a motivation to do better) or “affect-driven” (i.e. a motivation to feel better) ways depending on the task at hand or the present circumstances (Bénabou 2015). Disentangling specific events and situational aspects that may trigger different affective reactions in entrepreneurs is crucial; positive and negative events from the environment (e.g. achieving funding from a business angel or failing to attain a government grant) cause different affective reactions, which will have different subsequent consequences on future entrepreneurial action (Shepherd and Patzelt 2017).

An affect-based theoretical approach to strategic decision-making, which similarly focuses on the context of high uncertainty, also differentiates between these two motivations—that is, to perform better and to feel better—and suggests that negative emotions promote impulsive behaviour (Ashton-James and Ashkanasy 2008). Examples of such affect-driven or impulsive behaviours are emotional outbursts or violence (Ashkanasy et al. 2002). Essentially, people may respond in behaviourally different ways in order to restore the equilibrium of their affective imbalance; affect does not always help one to instrumentally adapt to the environment. Based on this theoretical perspective, particular economic events—such as performance cues from unexpected environmental jolts—will cause different emotions and moods in the decision-maker, ultimately impacting behavioural outcomes (Ashton-James and Ashkanasy 2008; Weiss and Cropanzano 1996).

Studies in economics show that humans deliberately and consistently try to avoid negative news from the environment, as a way to preserve self-esteem and regulate aversive affective states. Eil and Rao (2011) found that exposure to negative objective information—in the form of a ranking—resulted in less rational updating as compared to exposure to

positive news. These findings have been corroborated by other studies (Möbius et al. 2011) that also find support for a desire to avoid direct exposure to threatening objective information. This is known as the “ostrich effect” (Karlsson et al. 2009). However, such reluctance to confront problematic situations can exacerbate rather than ameliorate them (Schulman 1989).

9.3.4 Instrumental and Adaptive Affective Mechanisms

Both positive and negative affective states can have a beneficial impact on cognition and assist in appropriately processing information in response to situational or task-related demands. For instance, positive mood has been related to increased mental flexibility and openness to information from the environment—even information that can be threatening to one’s self-esteem (Trope and Pomerantz 1998). Fast and heuristic reasoning and the capacity to integrate complex information are also enhanced under positive affective states (Estrada et al. 1997). Positive affect has been shown to improve creativity (Isen et al. 1985) and both firm and individual performance in entrepreneurship (Baron et al. 2011). In contrast, negative affect has been associated with effortful or analytical processing, defensiveness, alertness, and self-focused attention (Green et al. 2003). These types of highly analytical and detail-oriented approaches facilitated by a negative mood are highly valuable in some situations, such as financial decisions made by traders (Au et al. 2003). In the specific case of entrepreneurial behaviour, paying attention to negative information from the market may also be crucial in order to continuously improve customer satisfaction (Baron et al. 2011).

In addition to general affective states, discrete emotions are also important in order to successfully cope with the environment; emotions help us to cope with potential harms. Each emotion has a different core theme attached to it, which has a significant meaning for one’s well-being (Lazarus 1993). Specific emotions vary in certain cognitive appraisals that are attached to them, such as novelty, goal significance, and coping potential, among others (Ellsworth and Scherer 2003). For instance,

emotions can significantly vary on certainty appraisals or “the degree to which future events seem predictable and comprehensible versus unpredictable and incomprehensible” and still have the same valence—positive or negative (Lerner and Keltner 2000). As previously mentioned, two emotions that at the surface share the same valence (i.e. positive or negative) may prompt very different behaviours. However, this concept is at odds with the predictions from the affect-as-infusion theory (Forgas 1995), as mood effects do not infuse cognition and behaviour in a mood-congruent manner—as the theory would predict. For instance, take the case of happiness and anger, two very different emotions that have different hedonic valence, positive and negative, respectively. Interestingly, it has been evidenced that both can equally lead to increased opportunity exploitation and risk-taking (Lerner and Keltner 2001).

Thus, different theories on affect, such as the affect-as-infusion model (Forgas 1995; Forgas and George 2001) and appraisal theories of discrete emotions (Lerner and Keltner 2000, 2001; Lerner et al. 2015), may yield different predictions. However, a variety of studies have supported the informative value of hedonic valence—positive or negative—and defended its importance for the study of behavioural consequences of affect (Forgas 2002; Tan and Forgas 2010). In an attempt to reconcile previous findings, it has been suggested that contextual factors, such as the cognitive demands of a particular situation or task, are key to explaining the mood-congruence versus mood-incongruence accounts (Forgas and George 2001). A study by George and Zhou (2002) found that relying on the affect-as-information heuristic, individuals in a negative mood were more creative problem-solvers than individuals in a positive mood when they scored high in clarity of feelings. The authors from this study suggested that under these specific conditions (i.e. clarity of feelings), a positive mood signified that more effort was not needed, while those in a negative mood interpreted their unpleasant mood as a sign that more effort was indeed needed. In contrast, under different conditions, positive mood may have beneficial consequences on creativity (Estrada et al. 1997), and even complement the beneficial role of negative affect on creativity (George and Zhou 2007). Essentially, context has a crucial relevance in explaining affective influences on behavioural outcomes. In the

following sections, it is proposed that anticipated affect before market-entry decision may be a key contextual aspect to consider, especially as it relates to the immediate affect a decision-maker is experiencing.

9.3.5 The Role of Anticipated Affect

The primary focus of the study of affect in entrepreneurship has been on trait dispositions and immediate affective states. Despite the growing importance of situated cognition in entrepreneurship (Mitchell et al. 2011) and episodic affective states (Podoyntsyna et al. 2012), little attention has been paid to the way in which entrepreneurs anticipate their future affective states when deciding to enter—or not—a new market. Moreover, in line with the idea of affect-driven motives, it seems relevant to investigate the relationship between the feelings experienced in a given moment and those affective states—positive or negative—that are expected to be felt in the future, after a particular decision to enter (or not) a new market has been taken.

There are, however, some exceptions in the literature. For instance, entrepreneurial passion, an intense form of positive affect attached to entrepreneurs' meaning and identity, involves the anticipation of an ideal future state which will potentially bring pleasant future affective states (Cardon et al. 2012). In a similar vein, it has been suggested that entrepreneurs engage in “if only...” type of counterfactual thoughts (Baron 2000), and they do so as frequently as other individuals, mostly in relation to past entrepreneurial opportunities (Markman et al. 2002). These thoughts will in turn shape future goal-directed behaviour (Bagozzi and Pieters 1998). Research has shown, moreover, that when individuals have a great amount of autonomy—as is the case of entrepreneurs—compared to situations of restricted choice, they put considerable effort into their chosen risky projects as a way to reduce potential future regret (Sjöström et al. 2017). Therefore, in principle, it is plausible to expect that entrepreneurs, prone to regretful thinking related to opportunities, would also be more cautious when contemplating risky options (Markman et al. 2002), such as market entry.

9.3.6 Affective Dissonance Across Time: A Situational Perspective

Entrepreneurs have been characterized as highly positive and energetic individuals, who score higher than the average population on positive affect as a trait disposition (Baron et al. 2011). Despite entrepreneurs' predisposition to feel positive affective states, navigating in an uncertain environment with a high potential for failure is likely to promote negative affective states—both immediate and anticipated. This is especially likely to occur in the case of entrepreneurs, who have a high commitment and passion towards their businesses, and thus successes and failures related to it are likely to influence their affective states (Cardon et al. 2009; Walsh and Cunningham 2017). Thus, when deciding to enter (or not) a new market, it is expected that entrepreneurs' will experience a variety of emotions and moods. The conceptual framework proposes that the greater the distance (in terms of positive and negative valence) between immediate and anticipated affect—in the hypothetical future, when considering to enter (or not) the market—the more likely it will be for the individual to be motivated to preserve a positive affect or alternatively restore a negative one. In other words, in these situations of high affective ambivalence, entrepreneurs will be incentivized to follow a hedonic or “affect-driven” approach whereby their self-esteem will more likely be protected. Thus, if entering a new market and exploiting a perceived opportunity is anticipated as an attractive event that will help maintain a present positive affective state or alternatively restore a negative affect, entrepreneurs may be prone to enter the market as an attempt to achieve affective balance. However, if the anticipated affect does not imply any improvement or on the contrary threatens the maintenance of an already existing positive affective state, the probability of entering the market will decrease. This contrast between the positive and negative hedonic valence and present and future events is referred to as “entrepreneurial affective dissonance”.

According to goal-framing theory (Lindenberg and Steg 2007; Lindenberg 2008), human behaviour is guided by different goals and which goal will be activated in a particular situation will depend on the present environmental cues. A hedonic goal is a desire “to improve the

way one feels right now” (Lindenberg 2008). In this chapter the “hedonic goal” refers to the underlying desire that guides entrepreneurs’ behaviour in instances where the main motivation is to reduce the affective dissonance between present and future contingencies. Although a hedonic goal focuses on the present moment, prospective feelings related to a future state, such as fear, hope, and feelings related to the past, such as joy or sadness (Clore and Ortony 2000), are likely to intervene in the process of achieving the hedonic goal.

In addition to feeling good or better in the present, entrepreneurs are particularly focused on achieving strategic goals such as growing market share and/or entering new markets. Strategic goals are usually considered medium or long term (Lindenberg 2008); however, in an attempt to reduce affective dissonance, entrepreneurs may engage in impulsive behaviour in the present moment, such as entering a market too quickly. This relates to “affect-driven” motives, discussed earlier in this chapter. When entrepreneurs make fast, risky, market-entry choices without enough time to engage in more patient or economic-driven reasoning, they face the risk of being fully guided by their need to feel good. When hedonic goals are activated, individuals are willing to act on impulse (Lindenberg 2012).

These types of fast impulsive behaviours, such as taking unnecessary risks, will be more likely to emerge under negative mood states (Ashkanasy et al. 2002; Ashton-James and Ashkanasy 2008). This is coherent with prior research that has evidenced a higher sensitivity towards losses for individuals feeling positive affect (as compared to individuals in a neutral affect), which likely corresponds to an innate protective mechanism to maintain a pleasant affective state (Isen et al. 1988). Similarly, research has found that positive affect, as compared to neutral affect, reduces the chances of risk-taking in a high-risk bet, as compared to a low-risk bet (Isen and Patrick 1983). All these arguments point to the idea that entrepreneurs are not only driven by a desire to maximize earnings in the medium or long term but also may follow a hedonic goal based on moment-to-moment affect, as a way to preserve their affective well-being in relation to the fate of their ventures.

There are a variety of different ways in which entrepreneurs could restore their affective dissonance. One way would be to use different cog-

nitive strategies, such as de-attaching oneself from a past failure (Walsh 2017). Based on the affect-as-infusion principle (Forgas 1995), past entrepreneurial failure experiences have the potential to trigger memories and thoughts related to a similarly unpleasant feeling, which influences—in a mood-congruent manner—the immediate affect felt by entrepreneurs in the present moment. Explicit cognitive strategies such as engaging in the recall of positive memories or thoughts may also be used to improve one's aversive affective state (Erber and Erber 2000). Interestingly, previous research has found that unnecessary risk-taking following a negative affective state may be reduced by giving individuals the possibility to engage in a cognitively demanding task—which has been shown to restore negative affect (Kim and Kanfer 2009). Recently it was highlighted that behaviourally engaging in different actions may be a promising way to regulate negative affective states in entrepreneurship (Cardon et al. 2012). For instance, Kato and Wiklund (2011) find that before market entry, in the pre-launch entrepreneurial stage, entrepreneurs feel a mixture of highly positive and negative affect and thus seek affirmation from others as a way to regulate their affect.

The conceptual model presented in this chapter helps to reconcile previous contradictory evidence between affect-congruence and incongruence accounts. While positive mood may be related to overconfident patterns in entrepreneurship, such as innovation, new opportunity recognition and exploitation, and risk-taking (Baron 2008; Foo 2011), negative affect may also translate into risk-taking action, such as impulsive market entry. Overconfidence itself can be understood as an affect-driven behaviour by which affective equilibrium is restored (Blanton et al. 2001). The idea that negatively valenced affect can equally result in approach tendencies directed to restore one's threatened affective imbalance fits well with recent research on emotion and decision-making. According to appraisal theories on emotion in entrepreneurial settings (Welpel et al. 2012; Foo 2011), equally positive or negative emotions can trigger very different behavioural reactions (Lerner et al. 2015). Specific appraisals related to particular emotions are one way to shed light on the complexity of the relationship between affect and behaviour. However, there may be other possible contextual factors (Forgas and George 2001) that are worth understanding in relation to affective antecedents and conse-

quences in entrepreneurship. The model presented in this chapter proposes affective dissonance as one important factor that deserves future empirical investigation. In this regard, it would be important to analyse other potential contextual factors behind the activation of hedonic versus strategic goals in market entry.

9.3.7 The Case of Fear

Fear is an emotional response to a perceived threat. According to Mitchell and Shepherd, “not all fear of failure is created equal” (2011, p. 196). Individuals’ responses also vary—some may respond aggressively to the threat, others avoid facing the situation as a means of protecting oneself, whilst more still become paralyzed by the situation, known as the fight-flight-freeze reaction (Kreitler 2004; Gray and McNaughton 2000). A sense of fear can be motivating and propel entrepreneurial action (Morgan and Sisak 2016); however high levels of fear are considered an avoidance-orientated emotion, which can be debilitating and corrode motivation. Fear, in particular fear of failure, impacts entrepreneurial behaviour by reducing exploitation and minimizing the relationship between evaluation and exploitation (Welpel et al. 2012). Fear of failure is the anticipation of a negative feeling; if the fear is too threatening to one’s self-esteem, and the possibility of stigma too great, entrepreneurs will avoid entering a market and putting themselves in harm’s way. Fear is a deep-rooted, evolved, primitive emotion, predating higher cognitive functions (Kish-Gephart et al. 2009) that results in avoidance behaviour; it reduces one’s ability to deal effectively with perceived threats, and it leads to pessimistic perceptions about risks and future outcomes (Lerner and Tiedens 2006; Maner and Gerend 2007; Kish-Gephart et al. 2009). When triggered, it can elicit an instant, non-conscious reaction (Öhman 2000, 2008), therefore resulting in impulse reaction rather than reasoned action. This is likely to be the case when the gap between present and anticipated affect is large.

Fear is often learned through indirect experiences such as observation and storytelling (Rachman 1990; Reiss 1980). It is a powerful emotion that influences perception, cognition, and behaviours in ways that are

still underappreciated in the current literature (Kish-Gephart et al. 2009). Attention to fear in organizational life has not developed in line with the “affective revolution” that has swept through organizational research (Kish-Gephart et al. 2009; Barsade et al. 2003; Brief and Weiss 2002). Cognitive appraisal theorists argue that discrete emotions (Izard and Malatesta 1987) involve a combination of primary and secondary appraisals (Roseman and Smith 2001; Kish-Gephart et al. 2009). Whereby primary appraisal relates to the individuals’ expectation of how their current situation will change due to the perceived threat and secondary appraisal is related to their belief that the outcome of the situation is uncertain or beyond their control (Kish-Gephart et al. 2009)—the threat is regarded as greater if it is perceived as being beyond their control. Such appraisals represent the importance and meaning an individual ascribes to a given threat/situation, and they occur with and without conscious awareness (Grandey 2008).

An individual’s response to threats in the environment comprises complex sets of cognitive processes, including both the conscious and non-conscious; they may be instantaneous and considered. Perceived threats can induce a low-intensity fear (where threat is regarded as less severe and less immediate), sometimes referred to as anticipatory fear (Plutchik 2003); it increases vigilance, environmental scanning, and behaviour that includes the narrowing of attention on possible threats (Kish-Gephart et al. 2009).

9.3.8 Attention and Opportunity Pursuit

One final dimension that impacts an individual’s ability to identify potential entrepreneurial opportunities, impacts an individual’s affective disposition, and influences motivation is attention. The business environment provides a constant stream of competing issues vying for a decision-maker’s attention. One’s individual and social cognitions shape attentional processing, in addition to organizational provisions, such as rules, resources, norms, procedures, and structural channels. This array of tangible and conceptual scaffolds influences the distribution of decision-makers’ attention at any given time. Focusing one’s attention involves the

concentration of cognitive processes on a particular issue or set of issues. However, the channelling of consciousness indirectly implies the withdrawal of attention from other aspects in order to deal effectively with the issue of concern (Ocasio 1997). The Attention-Based View suggests that attention, and its appropriate allocation to relevant activities, is the key factor in explaining why some can adapt to changes in the environment when others cannot (Tseng et al. 2011).

The two commonly acknowledged types of attention in the psychology literature are bottom-up and top-down attention, alternatively known as stimulus-driven and goal-oriented attention (Carrasco 2011; Corbetta and Shulman 2002; Pinto et al. 2013). In top-down processing (goal- or schema-driven), one is attending to a specific matter; information flows from higher to lower centres, engaging prior experiential wisdom and existing knowledge. On the other hand, with bottom-up processing (stimulus- or data-driven), one is receptive; the focus is directed by sensory stimulation that captures one's attention (Corbetta and Shulman 2002).

Selective attention binds features of the perceptual environment into consciously experienced wholes (Treisman and Gelade 1980). There is a risk involved in only focusing on things that are relevant, because one can shut oneself off from everything else. One does not see the world as it is; rather one sees the world that one is looking for! One of the most popular takes on attention describes it as a bottleneck. According to this view, attention is the necessary mechanism that allows us to attend to the large amount of sensual input delivered to our mental apparatus. If one did not have this filter, the sheer volume of information would otherwise "overheat" the mind.

9.4 Attention, Affect, and Entry: A Conceptual Model

To summarize the elements presented in this chapter, and highlight their link to entrepreneurial behaviour, a conceptual model has been developed. The chapter began with an examination of affect and the different

ways it can influence behaviour. Firstly, affect-as-infusion theory, which sets forth the argument that past experiences create memories, which in turn generate feelings, and these can be triggered by subsequent similar events (e.g. a business failure experience causing an entrepreneur anxiety about restarting). Secondly, affect-as-information whereby specific emotions can impact thought processes, such as an entrepreneur's existing emotion being used as a valid source of information to guide subsequent behaviour. Thirdly, anticipated affect whereby an entrepreneur's expected future feelings will influence their behaviour in the present day (e.g. imaging an ideal future where they successfully launch a new product could shape current behaviour in order to achieve this ideal future state). These three drivers shape an individual's immediate affective state.

Attention is another factor, alongside affect, that impacts behaviour. For an entrepreneur to act on a particular opportunity, they must first notice and become aware of the opportunity. As previously mentioned individuals with ADHD have a broader attention span, linked to greater recognition of entrepreneurial opportunities. Attention is the channeling of consciousness, and where an entrepreneur chooses to focus their attention is the object that will in turn impact their affect. This combination of affect and attention shapes the visibility and interpretation of internal and external threats.

Affective dissonance is the distance between one's current and anticipated affect. The greater the distance between immediate and anticipated affect, the more likely one will preserve a positive affect or alternatively restore a negative one. This is driven by the need to achieve affective balance—one's current self must align with one's future self to a degree, and if the distance between current self and future self is too great, then there is a desire to reduce this distance. This makes the desired future state more achievable and realistic.

Entrepreneurial behaviour is core to our understanding of entrepreneurship, yet research progress is clouded by the fact that the majority of studies to date examine entrepreneurial behaviour through the lenses of economic rationality and for-profit venturing (Gruber and MacMillan 2017). Within the general psychology literature, the influence of affect on behaviour has long been recognized; however this link tends not to permeate into studies on entrepreneurial behaviour. Recent literature in

neuroscience has identified a lower neural response to negative information in overly confident or optimistic individuals (Sharot 2012)—traits usually found in entrepreneurs. Such studies point to the idea that there is a clearly differentiated cognitive-affective mechanism that gets activated when stakes are high, primarily related to self-protective mechanisms. Figure 9.1 illustrates the way in which affect can impact behaviour using a conceptual framework. It highlights the relationships between the proposed variables and dimensions. Firstly an **entrepreneur's attention** is channelled in a particular direction—due to an event, opportunity, market characteristics, and so on. The entrepreneur's affect following identification of the event acts as a source of information (they are excited, fearful, worried), potentially triggering the **affect-as-information** mechanism. This affective reaction colours the event as either **an opportunity or a threat**, which in turn re-activates affectively similar cognitive material through memory and past experiences (**affective infusion**). At this point the entrepreneur is confronted with a present state of **immediate affect** and greater the distance (in terms of positive and negative valence) between immediate and **anticipated affects**—in the hypothetical future, when imagining having entered (or not) the market—the more likely it will be for them to be motivated to preserve a positive affect or alternatively restore a negative one. Thus, a key motivation, when making a **market-entry decision**, based on this model is the **affective dissonance** between present and future contingencies and a desire to reduce this dissonance.

Understanding affect enables a more encompassing picture of entrepreneurial behaviour to develop. Entrepreneurs' affective reactions can be leveraged, as Hahn et al. (2012, p. 98) argue, “entrepreneurs should be particularly inclined to take advantage of their affective well-being to perform behaviors that benefit their businesses” (Hahn et al., 2012, p. 98). However, while some emotions are heralded as predictors of start-up behaviour (e.g. anticipated regret, Hatak and Snellman 2017), more often entrepreneurs' behavioural responses to emotions are heterogeneous (Shepherd et al. 2014). The conceptual model presented in Fig. 9.1 enables researchers to look beyond the rudimentary emotion-behaviour link to understand the source of the emotion in relation to the individuals' information processing, affective reaction and anticipation, and attentional focus.

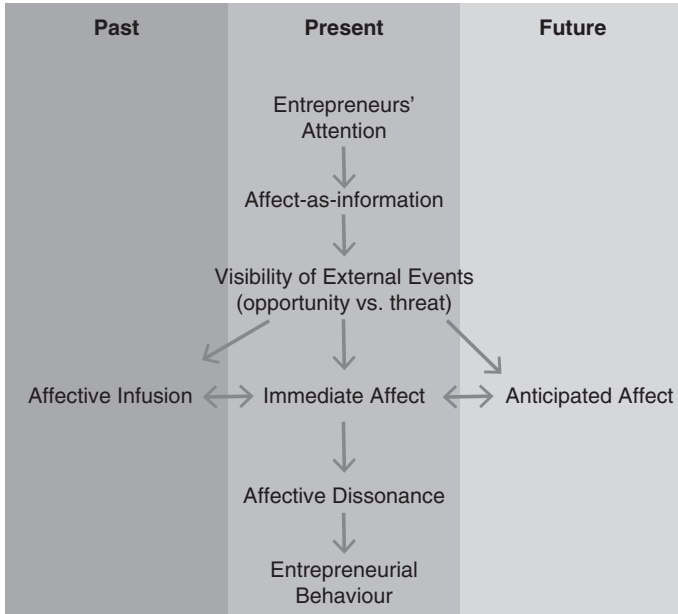


Fig. 9.1 Conceptual model linking attention, affect, and behaviour

“entrepreneurs should be particularly inclined to take advantage of their affective well-being to perform behaviours that benefit their businesses”

9.5 Conclusions and Future Research Direction

Entrepreneurial behaviour is easily identifiable *ex post*, yet understanding its antecedents is more complex. This chapter examines the antecedent role of affect on entrepreneurial cognition and behaviour. The conceptual framework highlights the various elements of affect and the way in which they influence behaviour. The chapter specifically focuses on entrepreneurial behaviour; it builds on the emerging topics from the extant entrepreneurship literature (mental health, Stephan 2018; Wiklund et al. 2018;

Hmieleski and Lerner 2016; emotion, Cardon et al. 2012; failure, Walsh and Cunningham 2016) to facilitate understanding beyond the black box of entrepreneurial behaviour. Whilst affect plays an antecedent role in an entrepreneur's behaviour, other drivers such as context, experience, and attention are necessary to consider. Future research could operationalize the proposed conceptual model. Given the heterogeneity of responses to different emotional stimuli, it would be interesting to see more experimental studies that evoke particular emotions in entrepreneurs through vignettes, music, or actual successes and stumbles and then ask them to perform particular decision-making tasks related to market entry. Such studies may also gather data on individuals' characteristics and personality traits in order to gain a more comprehensive picture on the individual, in addition to situational affective aspects. Experiments would also help to rigorously differentiate between the effect of immediate affect and anticipated affect, in order to test if affective dissonance acts as a valid antecedent and/or moderator of entrepreneurial behaviour, such as market entry.

For instance, there are many potentially different ways in which affect can impact entrepreneurial behaviour. Affect can indeed act as an antecedent, as discussed in this chapter, but also a moderator. For example, many studies have found that overconfidence is detrimental for decision-making; however, affect may act as a moderator in this relationship, particularly in the high-uncertainty environments that entrepreneurs usually operate in. In fact, as mentioned earlier, overconfidence itself can be a way to regulate negative affective states (Blanton et al. 2001). Entrepreneurs tend to react personally to environmental cues, such as gains and losses. Positive and negative performance information may in turn affect their affective response (i.e. immediate affect). Based on the affective dissonance mechanism proposed, overconfident entrepreneurs may perform worse subsequent to a recent failure than those that feel especially happy or proud of a recent achievement. Future research along this vein, analysing affective dissonance and how entrepreneurs may react to it, deserves empirical consideration. Furthermore, it would be also interesting to explore this potential phenomenon at the team level, by analysing how entrepreneurial teams' with high confidence in their teams' ability to achieve a goal (collective efficacy) react to different performance information from the environment (e.g. competitors' performance information).

At an individual level, this chapter highlights the important role affect plays in entrepreneurial decision-making and subsequent behaviour. Entrepreneurs with a vacillating nature may stymie the impact of their volatility through planning and working with more affectively balanced individuals. Furthermore, in this era where the pursuit of happiness and positive affect is central, it is necessary to appreciate the utility of negative emotions. Negative emotions are adaptive, pragmatic, and favourable in particular contexts; they can protect the entrepreneur from poor decision-making or hasty market entry, and this needs to be appreciated and understood. Furthermore, understanding how negative emotion relates to anticipated affect appears to be a promising area for future research.

Appendix

Emotions, in contrast to mood states, are more ephemeral and usually respond to a particular situation, person, or event, involving cognitive appraisal, and specific action tendencies towards the environment (Frijda and Mesquita 1994; Lazarus 1993). However, both moods and emotions are inherently related affective experiences. In fact, one of the elements of emotions is “core affect”—a vague feeling of pleasure or displeasure, which has been considered analogous to mood states (Russell and Barrett 1999). In contrast to specific emotions, mood states may or may not always respond to a particular cause or stimulus (Weiss and Cropanzano 1996) and have the potential to influence thought processes and action in a subtle way, even without our conscious awareness (Forgas and George 2001). Generally speaking, mood states have been described as “feeling good” (i.e. positive mood) or “feeling bad” (i.e. negative mood) (Barsade and Gibson 2007).

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10

Entrepreneurial Behavior as Learning Processes in a Transgenerational Entrepreneurial Family

Eric Clinton and Jordan Robert Gamble

10.1 Introduction

Family firms play a fundamental role in the global economy (Muñoz-Bullón and Sanchez-Bueno 2011). They signify the oldest and most common form of organization (Nordqvist and Melin 2010), with approximately 90% of all companies worldwide considered family businesses (Aldrich and Cliff 2003). It is widely acknowledged in the management literature that family firms exhibit not only a sizeable impact on national economic growth rates (Ibrahim et al. 2001) but also in terms of economic development within localized communities (Zahra and Sharma 2004). They are perceived as significant sources of technological innovation, employment and new business development (Zahra 2005). In defining a family business, for the purposes of this chapter, we adhere to the well-accepted conceptualization of a family firm as having three

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simultaneously interactive systems: the business, the family and the owners (Gersick et al. 1999).

Within this chapter, we are looking at one specific type of family business, that is, an entrepreneurial family business that has transcended multiple generations. Our rationale is that the transmission of entrepreneurial behaviors has facilitated the longevity and sustainability of such family businesses. We consider the transgenerational entrepreneurial family (henceforth: TEF) as a “participation space” where learning is perpetuated and transformed (Cope and Down 2010). We contend that the TEF is distinctive from the traditional family business, with this distinction based on the premise of their entrepreneurial legacy, which motivates engagement with strategic activities that nurture the next generation of entrepreneurial leaders (Jaskiewicz et al. 2015). Hence, what makes the TEF an interesting context in relation to entrepreneurial learning is not only multigenerational involvement but also the adoption of an entrepreneurial mind-set focused on pursuing opportunistic growth (Eisenhardt et al. 2000; McCann III et al. 2001). Accordingly, we propose that innovation and corporate entrepreneurship in the TEF firm is facilitated by the family ownership group’s engagement in learning, namely “new streams of value across generations” (Habbershon et al. 2010, p. 5).

Entrepreneurial learning is a co-participative process of reflection, theorization, experience and action (Taylor and Thorpe 2004), in which the learning process is context-specific and socially oriented (Gibb 1997; Pittaway and Cope 2007). However, current entrepreneurial learning theories rarely acknowledge the context within which people learn (Pittaway and Rose 2006) and the “participation spaces” where learning is perpetuated and transformed (Cope and Down 2010). Within this chapter, we consider the TEF to be one such participation space.

Entrepreneurship is contextually significant for family firms as it arguably contributes to improvements in organizational performance (Rauch et al. 2009). We view transgenerational entrepreneurship, in which entrepreneurship transcends different generations within the family firm, as the “processes through which a family uses and develops entrepreneurial mind-sets and family influenced capabilities to create new

streams of entrepreneurial, financial, and social value onto generations” (Habbershon et al. 2010, p. 1). Scholarly evidence suggests that entrepreneurial family firms benefit from enhanced performance outcomes compared to their non-family counterparts (Zellweger et al. 2011). The family business literature reveals ongoing debate concerning the extent to which the idiosyncrasies of family firms cultivate or hinder entrepreneurial behavior (Chirico et al. 2011), with some scholars arguing that the family ownership group offers an environment that is conducive to entrepreneurial endeavors (e.g., Aldrich and Cliff 2003; Rogoff and Heck 2003). Surprisingly, we know little about the learning that occurs as a result of the family ownership group, despite the emerging body of research acknowledging the role of family influence in transgenerational entrepreneurship (Chrisman et al. 2005; Habbershon et al. 2003; Jaskiewicz et al. 2015; Sirmon et al. 2008; Zellweger et al. 2012). It is this body of work to which we make a contribution by exploring the role of the family ownership group on the entrepreneurial learning process in a TEF. Such a context warrants investigation as it focuses on a distinct firm performance type, namely, the creation of “economic and social value, repeatedly and for generations not yet born” (Nason et al. 2014, p. 4). We support the family business domain in conducting a longitudinal study with multiple respondents (Zahra and Sharma 2004), as such an approach sheds light on how entrepreneurial behaviors are transmitted across time.

In order to organize the various arguments and reflections in relation to our theoretical framework of transgenerational entrepreneurial learning, we adopt Crossan et al.’s (1999) 4I organizational learning framework as our theoretical lens. This model of organizational learning refers to the intuiting, interpreting, integrating and institutionalizing processes through which learning occurs across three levels (individual, group and organization) (Randerson et al. 2015). By applying this theoretical framework of organizational learning in the context of transgenerational entrepreneurial family firms, we add to current debates regarding the extent to which the idiosyncrasies of family firms enable (or in some cases hinder) entrepreneurial behavior (Chirico et al. 2011). Furthermore, in taking this theoretical approach, we facilitate a more nuanced understanding or

how entrepreneurial behaviors are transmitted across time. We achieve this by adding to current debates about how firms are entrepreneurial because they exhibit temporal consistency in their entrepreneurial behaviors (Anderson et al. 2015).

10.2 Theoretical Framework

Organizational learning is the process by which new knowledge is converted by codification and communication into organizational knowledge (Kuemmerle 2002), thus enabling entrepreneurial activities including innovation and renewal (Zahra et al. 2004). However, individual learning is regarded as both part of and a prerequisite of organizational learning (Franco and Haase 2009), in that organizations ultimately learn via their individual members (Campbell and Cairns 1994; Franco and Haase 2009). Indeed, the key differentiation factor between individual and organizational learning is the social nature of collective learning (Wang and Chugh 2014), which is cumulative and interactive and acts as a mechanism for knowledge transfer/transmission (Capello 1999). Accordingly, we draw upon Crossan et al.'s (1999) 4I organizational learning framework (see Fig. 10.1), which identifies four main processes (intuiting, interpreting, integrating and institutionalizing) through which learning occurs across three levels (individual, group and organization). As noted, organizational learning has progressed beyond the idea of learning as cognitive and the sum of individuals' learning, toward the belief that learning is situated and multilevel, encompassing individual, group and organization (Chaston et al. 2001; Easterby-Smith et al. 2000).

According to Crossan et al. (1999, p. 528), "individual interpretive processes come together around shared understanding of what is possible, and individuals interact and attempt to enact that possibility [...] whereas the focus on interpreting is change in the individual's understanding and actions, the focus of integrating is coherent, collective action." When new behaviors and actions are recurrent and have a sufficiently significant impact on organizational action, the changes become institutionalized. Accordingly, institutionalization is the process that distinguishes organizational learning from individual and group learning as

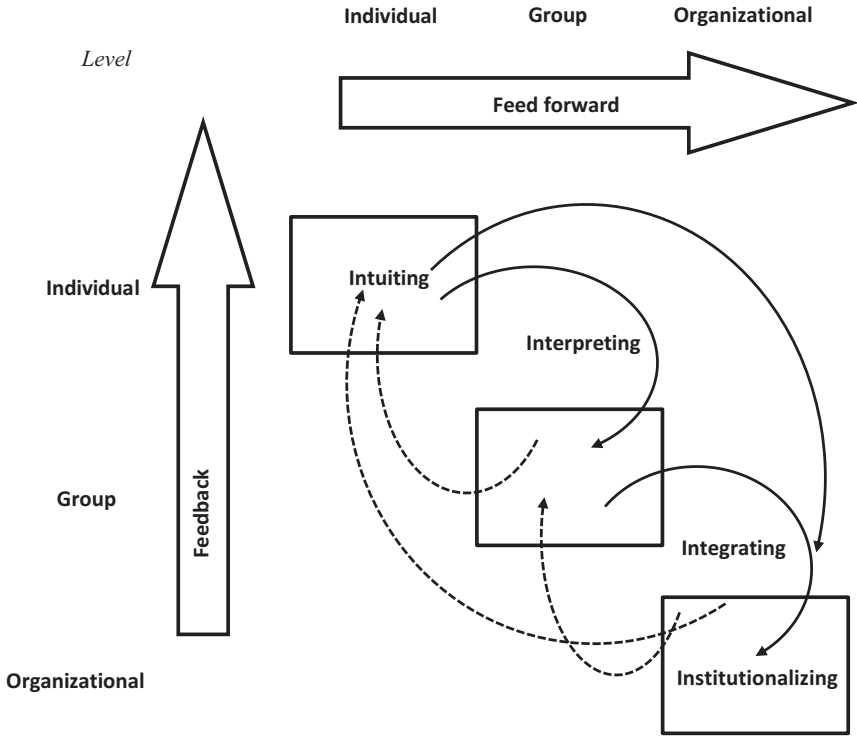


Fig. 10.1 4I organizational learning framework. (Adapted from Crossan et al. 1999, p. 532)

it is through this process that ideas are transformed into organizational institutions, which are available to all employees (Lawrence et al. 2005). To date, entrepreneurial learning research has focused primarily on the individual (Cope and Watts 2000; Zhang et al. 2006), with individual learning as the process by which a person acquires data, skills or information (Capello 1999). While there are counter arguments for entrepreneurial learning, such as Storey’s (2011) perspective on the tenuous link between learning and firm performance, we assume a positive stance regarding entrepreneurial learning for the purposes of this study. Accordingly, this framework, a multilevel and dynamic conceptualization that reflects the entrepreneurial mind-set of learning from intuition to institutionalization, enables a nuanced understanding of the role of the

family ownership group in influencing the learning dynamics to be gleaned. By incorporating both family and firm in our unit of analysis, we establish a more holistic view of the economic and social value generated (Sieger et al. 2011).

10.3 Methodology

In line with social constructionism, we accept that people's understanding of the world is shaped by their ongoing participation in "social processes and interactions" (Burr 2003, p. 5). In framing our study through this ontological lens, we view entrepreneurial learning in the TEF as a socially embedded process involving individual, family and organization. In order to capture this contextual and complex process, a longitudinal single case study was deemed appropriate (Jaskiewicz et al. 2015). Our sampling was purposive (Seawright and Gerring 2008; Gartner and Birley 2002; Pratt 2009) and theoretical in having the characteristics that fitted our investigation (McKeever et al. 2015). For this chapter's purpose, our unit of analysis is the TEF firm, which is run by a dominant cohort of family members whose intention is to direct company vision in a way that can persist across generations (Chua et al. 1999), thus facilitating a longitudinal perspective and transmission of transgenerational entrepreneurial learning.

10.3.1 Illustrative Case Study

The following case study was compiled based on interviews conducted in 2015 and 2016 with members and associates of a TEF business that we will call Carrick Hospitality (the names of employees have also been changed for confidentiality purposes). The Carrick Hofford company was founded in 1983 and is one of the largest locally owned development family firms in Charleston, SC. The company is a multi-faceted full service real-estate and development company as well as a hospitality and asset management company. Projects are developed, constructed and managed in this framework and range from award-winning resort developments to the redesign and redevelopment of two city blocks,

including three restaurants, a music hall and two hotels in downtown Charleston, to hotels all over the Charleston area, as well as Montana, Georgia and Florida. Carrick Hospitality current owns and operates several hotels around Charleston, SC, Savannah, GA and Bozeman, MT. In addition to great hotels, Carrick Hospitality owns and operates some of the best Charleston restaurants in one of the best regions of American cuisine.

Carrick Hospitality bears all the hallmarks of a bona fide family business that counts its age in centuries rather than years. This is, perhaps, because the roots of the business pre-date its 1983 incorporation by quite some time, or perhaps it is because the business's home town of Charleston, SC, is characterized, in its relationships as in its architecture, by a pervasive sense of timelessness. Either way, Carrick Hospitality belongs to the story of a unique city, a story that it has helped to shape and one that is still unfolding. Far removed from the manicured parks and waterfront mansions of contemporary downtown Charleston, its story—and the journey of its owner and founder—began in a junkyard and just across the Ashley River.

The founder, Martin, was born in January 1956 and grew up in Northbridge Terrace, West Ashley, a then-rural part of Charleston just across the Ashley River from the Downtown peninsula. Martin's father was a serial entrepreneur and his mother, now a long-time employee, was a school secretary. Martin also founded Free Wheelin', an independent bicycle and moped rental business, along with his older brother Rusty and childhood friend, Hank. In 1983 came Carrick Hofford, which sewed the seed for the foundation in 2007 of Carrick Hospitality, and the ever-growing property portfolio under its ownership. Martin is married and is father (and baseball coach) to two sons.

For 30 years, Maureen (Martin's mother) has worked for Carrick Hofford (latterly Carrick Hospitality) and, in that time, has been able to bring her own secretarial experience to bear on the fledgling enterprise. In fact, apart from the founders themselves, only one employee has been in the business longer than Maureen: Kathryn, Martin's younger sister, was Carrick Hofford's first employee, joining immediately after its foundation in 1983. Today, Maureen and Kathryn account for almost half of what remains an extremely tight-knit staff, one that has been, and

is, wholly integral to the business's progress. At Carrick Hospitality, individual employee roles transcend conventional job titles, which amounts to an organization that is dynamic and which elicits an outstanding level of commitment from a staff that is disproportionately small, relative to the scale of the firm's developments.

At 23, James is the eldest of Martin's two sons. James graduated in spring 2016 with a history major/hospitality minor at the College of Charleston, where his studies had, in recent years, been appropriately complemented by an introduction to the Carrick family business.

A qualified and experienced lawyer, Tonya's term at Bennett Hospitality has recently ticked beyond ten years. Like Kathryn, Tonya's contribution to the business transcends any formal job title, but the countless legal duties that go along with real-estate portfolio-building generally fall within her professional remit.

A breakdown of the case study firm for this study is provided in Table 10.1.

10.3.2 Data Collection and Analysis

A total of 12 interviews (average length 38 minutes of audio and 9 pages of transcript per interview) were conducted with multiple family and non-family stakeholders (see Table 10.2).

Table 10.1 Description of Carrick Hospitality

Family name	Carrick
Business name	Carrick Hospitality
Core industries	Hospitality and asset management Hotels Restaurants
No. of employees	94
Turnover (US\$)	44 million
Age (in 2018)	35
Year founded	1983
No. of generations	2
Family CEO	Yes
Family percent ownership	100%

Table 10.2 Interviews conducted between September 2007 and May 2015

Interviewee	Company position	# of interviews	Family member	Length (min)	# of transcript pages	Year of interview	
						2015	2016
Benedict	Associate	1	Yes	9	2		X
Frances	Senior legal advisor	1	No	27	6	X	
Harvey	President of Carrick Construction	1	No	48	8		X
James	Associate	1	Yes	31	7		X
Kathryn	Senior manager	1	Yes	16	21	X	
Martin	Founder, CEO	3	Yes	79, 72, 20	21, 10, 4	X	XX
Maureen	Senior manager	1	Yes	60	13	X	
Philip	Senior developer	1	No	36	6		X
Tonya	Senior legal advisor	1	No	34	8	X	
Trevor	Director of development	1	No	27	5		X

The case study allowed for within-case analysis, a key process for formulating research insights (Eisenhardt 1989). Following Zietsma et al. (2002), we categorized the data into individual, family ownership group and organizational levels of analysis. We drew upon the 4I organizational learning framework (Crossan et al. 1999) and conducted our analysis in conjunction with the four learning phases (intuiting, interpreting, integrating and institutionalizing). Throughout the analysis, we cross-referenced the data with theory.

10.4 Findings and Discussion

We now examine the discrete learning levels and develop our argument for why the family ownership group is an active participant in the transfer of learning and entrepreneurial behaviors from the individual to the organization and in the fostering of the firm's innovation and corporate entrepreneurship capabilities.

10.4.1 Individual Learning and the Transgenerational Family

Individual learning, a necessary component and prerequisite to organizational learning (Franco and Haase 2009), is evident throughout as the idea of self-reliance that Martin aspires to is an extremely important one. The structure of governance that currently exists can continue only if everyone is highly proficient in their own respective roles—the attainment of which is facilitated through autonomous responsibility, decision making and individual learning:

Since I've worked in the business for so long Martin gives me free rein to make decisions on certain things. Even when I'm doing hotel projects or the renovations of hotels he doesn't get that involved anymore in the nitty gritty. Even though he likes to see the overall color palette and the fabrics and that kind of stuff, he lets me make [the day-to-day] decisions. (Kathryn)

Based on logic from Crossan et al. (1999, p. 526), Martin reflects his “future possibility oriented” approach by openly discussing his aspira-

tions that the company will one day be guided by one or both of his sons. In another case of intuitive learning, this confidence in succession draws from his past experiences with them in an organizational context, a key indicator of entrepreneurial learning (Cope 2005; Politis 2005).

While examining entrepreneurial learning in a TEF firm, it is vital that the family component is recognized and not “omitted from a consideration of entrepreneurial development” (Rae 2005, p. 327). As their business has grown, individual learning in relation to competing pressures in decision making has led to the institutionalization of family corporate governance. In this instance, Tonya generated a subconscious insight from her “personal stream of experience” (Crossan et al. 1999, p. 525), namely, her dual roles within the company:

It's not a corporate structure where you have to call HR and they've got to call [another department]. People will call here and say 'can I talk to your human resource manager', well that's me! 'Can I talk to your legal [person],' well that's me! It comes with the territory of having such a small company, you get a lot of autonomy. (Tonya)

As the interpretive phase moves from individual- to group-level learning, ambiguous interpretations can emerge (Crossan et al. 1999), as seen in the second-generation James's interpretation of how his father's multiplicity of responsibilities has played a part in the business becoming a multigenerational success. In this instance, the next-generation member (and potential future leader) is witnessing and also trying to emulate entrepreneurial behaviors. He does this by demonstrating an awareness of the versatility that is demanded of the entrepreneur, and of the intrigue that had been conjured when he saw such a range of proficiencies on show at his father's workplace:

He's got a million plates spinning at one time, and [yet] he can stay focused. The more and more that I'm seeing, the more I realize that it's not just on the surface. It's much deeper, and much more challenging, but something that I want to do. (James)

From the first learning phase, intuiting, it transpires that, for TEF firms, the insight must move beyond cognition for it to be utilized by all organi-

zational members. Given that “entrepreneurs are often motivated by individualistic drive and energy” (Wang and Chugh 2015, p. 19), a collective is needed to interpret and integrate the individual insights and provide the wider firm with digestible learnings ready for institutionalization. Hence, we must look to the next learning level to understand how individual intuition becomes interpreted and integrated by a group within a TEF firm.

10.4.2 Group Learning and the Transgenerational Family

Our findings show that entrepreneurial learning in a TEF firm context is a cyclical process that extends beyond a single generation (Hamilton 2011). In this case, the two generations of the Carrick family group distil the learnings of individual family managers, which has led to “a shared language or mental model ultimately making the individual idea a group process” (Berson et al. 2006, p. 583). Importantly, this viewpoint is expressed not only by family members but also non-family executives:

I really do feel like the Carricks are second family to me. You can imagine if you have generations of people that grow up together, we have tons of similarities. [...] You know the person’s value system and yours is the same. (Tonya)

Transgenerational learning is essential as “the incoming generation still needs to learn how to cope with changes effectively” (Cheng et al. 2014). The entrepreneurial learnings and behaviors of the first and second generations have transferred to the latest generation who embrace a unified perspective regarding long-term thinking, family corporate governance and group-level cohesion. This, in turn, has caused structures and policies to be supported and enacted at both group and firm levels, according to non-family executives:

[We] have worked together for ten years. We’ve really developed our own little family unit... For me it’s a perfect fit... It just gives you a backbone and a comforting feeling to know that what you do is important. (Tonya)

Once the group/family firm integrates a learning reflection, it moves beyond the individuals' understanding and becomes "preserved in language, embedded in shared cognitive maps and enacted in a coordinated fashion" (Zietsma et al. 2002, p. 62). Group conformity is illustrated repeatedly in the findings, for example, the family's acceptance and support of risk-taking endeavors from individual staff:

The biggest thing that I appreciate about Martin is that he really gives you the chance to roll up your sleeves and either succeed or fail and make a mistake. I think the first thing he told me was, 'I'd rather you make a mistake than not do anything', so that's kind of what I've done. (Tonya)

In order for the family group to fully integrate these learnings, the individual members' interpretation must be supported and reaffirmed, especially when hesitation exists (Lawrence et al. 2005). Thus, within a TEF firm, the family's patience for long-range innovative work practices, combined with their informal approach to group decision making, indicates that, essentially, the founder's long-term business approach is an entrepreneurial mind-set that is cross-generational:

I don't have meetings, there are no committees. Usually Tonya's there, my mom is there, my assistant's there and Kathryn's there. It's an incredible system. Literally we can discuss these projects and never leave our chair... In most companies you'd probably have a committee or a meeting or 'let's reach out to the lawyer' ... it just happens seamlessly. Everybody's self-managed. (Martin)

The family group's engagement in transgenerational entrepreneurial learning enabled the group interpretive and integrative processes. As a motivation for Carrick's employees, the value of this singular focus on learning and growth is almost impossible to quantify. Certainly, though, it cultivates an environment where entrepreneurial behavior is self-perpetuating, as staff are continuously challenged to face fresh obstacles and to find new solutions. The "shared understanding and taking of coordinated action" by the group facilitates the transfer of the individual's ideas to the organization in a process of feedforward learning (Crossan et al.

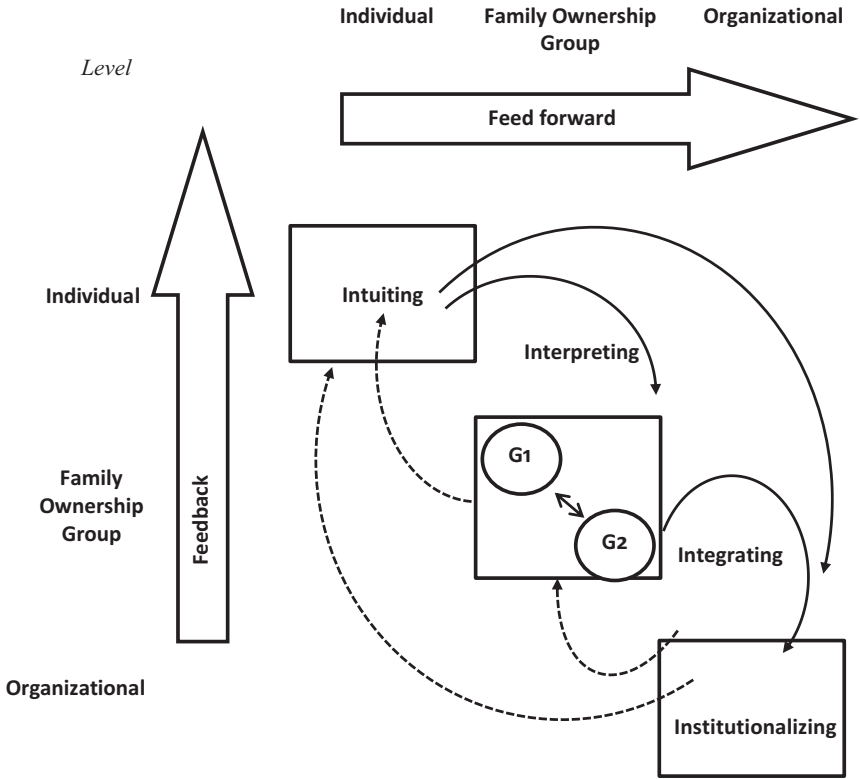


Fig. 10.2 Transgenerational entrepreneurial learning framework ($n = 2$ Gens). (Adapted from Crossan et al. 1999, p. 532)

1999). Our findings provide novel evidence of the family ownership group as a distinct “participation space” (Cope and Down 2010), which facilitates learning transfer and the transmission of entrepreneurial behaviors within TEF firms. As a result of this insight, we have refined the 4I organizational learning framework in a TEF firm context to demonstrate that entrepreneurial learning goes beyond a generation ($n=3$) and in fact is co-created in a cyclical, collective participation by overlapping generations, as depicted in Fig. 10.2.

10.4.3 Organizational Learning and the Transgenerational Family: A Positive Influence on Innovation and Corporate Entrepreneurship

As organizational learning is positively connected with firm innovation and strategic renewal (Zahra et al. 2004), so too is transgenerational entrepreneurial learning. We argue that the TEF ownership group's learning engagement positively influences the firm's innovation and corporate entrepreneurship, as well as the transmission of entrepreneurial behaviors.

The Carrick Group, as characteristic of a TEF, engages in new venture creation and innovation or reforms their strategic direction to achieve transgenerational entrepreneurship (Alegre and Chiva 2013; Habbershon and Pistrui 2002; McCann III et al. 2001). The Carrick family ensures institutionalized learnings exist independently of the individual and group (Lawrence et al. 2005) and become embedded in the organization's culture. The family's learned acceptance of high risk venturing became institutionalized where it manifested in very specific and visible ways. This has made it a useful tool to explain why particular strategies, strengths and priorities have been crucial for this business. At the centre of this organizational approach to entrepreneurship and learning is the emotional attachment from individual family (and non-family) members, which we now understand can infiltrate the TEF firm's values at the group and organizational level:

That's the hard thing for me about expanding my [business]... I've hired two or three people in my lifetime. It's not a right or a wrong thing, it would be the only work environment that I would want. Most people go to work, work 8-5 and they leave, and they're not as vested in the company. They don't have an emotional attachment like the people here. I think that the people here have an emotional attachment. (Martin)

Additionally, the family group has integrated the learning of long-term investment acceptance, which has led to strategies of market develop-

ment, networking, financial growth and other aspects that make an entrepreneurial venture commercially sustainable. The family group advocates for projects with future growth potential rather than immediate wealth creation (Donckels and Fröhlich 1991):

I don't ever worry about [competition]. That doesn't mean you build a hotel where there's nobody coming, but as far as I'm concerned, we'll build a better hotel, it'll look better, it'll be prettier, it'll have a better brand, we'll run it better, and the rest of the people that run hotels better worry! (Martin)

As majority shareholder, the family ownership group is motivated to engage in extensive learning across various areas (Zahra 2010). In this respect, James's integration into the business is merely an extension of the boundaries of their family relationship, and what stands to be learned in the sphere of values is in fact being learned as a matter of course:

In 2008, 2009, when everything went flop, nobody got laid off here, and during that period when all of those companies were going bust, Martin didn't... One of the reasons also that [this business is] so resilient is that we're really careful to choose locations that are relatively immune to radical peaks and troughs in the market. (Philip)

In turn, the family group of Carrick is committed to perpetuating the core values of the entrepreneur and the family enterprise, where the values of one are mirrored in the other and behaviors are transmitted, and where effort and progress are mutually reinforcing. In this way, we now understand how, within a TEF firm context, passion is not only a driver of commitment; the inverse is also true—with greater commitment comes new levels of passion. Often, TEF firms are particularly attentive toward innovative approaches and strategies (Craig and Moores 2005), and this becomes apparent from the family's focus on institutionalizing strategies that spur the growth and development of the business.

Our findings reveal that family corporate governance, while not connected to new venture creation or strategic renewal, can aid positive family relations within a TEF firm. In turn, family harmony can enhance

company performance and develop a firm's competitive advantage as suggested by Eddleston et al. (2008). The Carrick company was fully engaged in integrating and institutionalizing the learning regarding family corporate governance.

Our study findings show that when a dedicated learning approach is adopted within a TEF firm, the family ownership group facilitates the institutionalization of learnings and the transmission of entrepreneurial behaviors that create new streams of cross-generational value. In turn, these valuable learning outcomes positively impact the TEF firm's ability to be innovative and engage in corporate entrepreneurship.

10.5 Conclusion

Within this chapter, we aimed to investigate the role of the family ownership group on the entrepreneurial learning process in a TEF. In order to facilitate this, we adopted Crossan et al.'s (1999) 4I organizational framework, which enabled a more nuanced understanding of the family ownership group's role in and influence on the learning dynamics within a TEF. In concluding our arguments, we identify contributions to debate and theory development, outline suggestions for future research and note the limitations of our arguments.

Based on this evidence, we make four considerable contributions. First, our case study of a second-generation firm "next steps" (Gephart 1986) the entrepreneurial behavioral literature by demonstrating that the TEF is a legitimate "participation space" (Cope and Down 2010) and that, while the organization grows larger, the family ownership group ensures the transgenerational learnings both flourish and persist across time. Hence, we now understand how the construct of the family ownership group within a TEF represents an idiosyncrasy of the family business that facilitates entrepreneurial behaviors, thus advancing contemporary discussion in the entrepreneurial behavior literature (Chirico et al. 2011). By this contribution to entrepreneurial learning theory, we overcome the limitation of case study research, which is generalizing to population, by establishing analytical generalization instead (Yin 2009).

Second, we introduce the concept of transgenerational entrepreneurial learning which, within the specific context of the TEF firm, can facilitate new streams of cross-generational value through the transmission of learning-based behaviors. Thus, our contribution to the family enterprising domain was established through our new understandings of entrepreneurial learnings and behaviors.

Third, while many studies have empirically tested the 4I organizational learning framework (Crossan et al. 1999), we extend the group level by inclusion of the family ownership group and provide a more nuanced framework for transgenerational entrepreneurial learning (see Fig. 10.2) within a TEF. Accordingly, by aligning the literature streams relating to organizational learning, entrepreneurial behaviors and transgenerational entrepreneurship, our second and third contributions are exemplars of synthesis coherence (Locke and Golden-Biddle 1997).

In practical terms, we inform both policy makers and practitioners as to the importance of learning engagement in firm performance, namely, innovation and corporate entrepreneurship. Our longitudinal study highlights how transgenerational entrepreneurial learning aids firm survival—a significant insight for TEF businesses as differentiated from those that are not transgenerational and less entrepreneurial. In doing so, we establish a more grounded understanding of the temporal transmission of entrepreneurial behaviors within TEF firms by advancing current debates about how the consistency of entrepreneurial behaviors over time facilitates corporate entrepreneurship (Anderson et al. 2015).

Our discussion provides future research opportunities in addressing this study's limitations and advancing debate within the transgenerational entrepreneurship field. Further research could operationalize the conceptual model to statistically test the relationship between the family group learning and the firm's innovation and corporate entrepreneurship functions. Furthermore, our refined conceptual framework was based on a second-generation family group; therefore, future research could explore transgenerational entrepreneurial learning in firms with even longer family involvement (generation $n > 3$). Accordingly, further research could enrich the contemporary transgenerational entrepreneurship debates by investigating the role of learning-based behaviors in fostering entrepreneurship across generations. Moreover, our research identifies the TEF as

a participation space where entrepreneurial behaviors are transmitted and transferred. However, it is noted that the context of this participation space was confined to one transgenerational family, thus providing the possibility for future related studies to adopt a multiple case study approach. Taking this approach, future family business research could explore the extent to which processes within TEF firms are bi-directional and multigenerational, involving multiple forms of co-participative behaviors from members of the family. Notwithstanding these limitations, our study provides a significant contribution both to family business and entrepreneurial behavior domains, in addition to the family business practitioner community.

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11

Artisan Entrepreneurial Behaviour: A Research Agenda

Caren Crowley

11.1 Introduction

In recent years, there has been an increasing interest in ‘artisan’ entrepreneurship, which involves the marketing of creative assets in which manual techniques take precedence and the close link between products and a specific place or tradition (Hoyte 2018; Arias and Cruz 2018; Eriksson and Bull 2017; Ratten and Farreira 2017; Ashkenazy et al. 2018; Blundel 2002; Batterink et al. 2010; McAdam et al. 2014, 2015; Ni Fhlatharta and Farrell 2017). Research into the practices and products of artisan entrepreneurship is situated within the field of cultural entrepreneurship (Pret and Cogan 2018). Artisan entrepreneurs commonly draw on associations with tradition, place, quality and craftsmanship in order to differentiate their products from mass-produced counterparts (Carroll and Swaminthian 2000). While this growing body of artisan entrepreneurship research has yielded significant insight into artisan’s goals, motives and the benefits of networking to accrue needed resources (McAdam et al. 2014; Felzensztein et al. 2010; Parry 2010; Tregear 2005), there is

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limited research on how entrepreneurial behaviour manifests within this particular domain of contemporary entrepreneurship. This is of both theoretical and managerial importance, as a more nuanced understanding of artisans' entrepreneurial behaviour results in more reliable theoretical models explaining and predicting behaviour which can then be operationalised by policymakers to shape and influence artisans' entrepreneurial actions (Bird et al. 2012). In addition, much of the extant research has focused on micro- (individual) and meso- (group, network) levels of analysis with little attention paid to the impact of macro-level institutional and contextual factors on artisans' entrepreneurial behaviour. The aim of this chapter is therefore to provide an overview of research at different levels of analysis, micro-, meso- and macro-levels, highlighting conflicting arguments and results, and provide an agenda for future research.

The chapter is structured in four main parts. First, research examining micro-level factors such as cognition and affect as antecedents and constraints on artisan entrepreneurial behaviour is analysed. Second, meso-level research on artisan entrepreneurial networking, an area of entrepreneurial behaviour that has received considerable empirical attention, is reviewed. Third, macro-level studies, which prioritise the impact of institutional factors on artisan entrepreneurship and the consequent potential for regional and rural development, are investigated. Finally, the chapter concludes with recommendations for future research.

11.2 At the Micro-Level: Cognition, Affect, Entrepreneurial Behaviour and Constraint

In examining research on artisan entrepreneurs' behaviour at the micro-level of analysis, we present studies which highlight the importance of artisan entrepreneurs' motivation, goals and perceived legitimacy as significant antecedents and constraints on behaviour. As Bird et al. (2012) argue, entrepreneurial behaviour is shaped by cognition and affect (Bird et al. 2012). Significant attention has been paid to artisan entrepreneurs'

goals and motivations with the majority of studies arguing that artisan entrepreneurs are lifestyle rather than commercially oriented, valuing independence and risk averse, tied to a specific geographic location and as a result dependent on locally available resources (Johannisson 1992; Getz and Petersen 2005; Vesala and Vesala 2010; Bouette and Magee 2015). The general view then is that artisans pursue entrepreneurship to achieve personal well-being, independence and flexibility, often at the expense of commercial ends (Paige and Littrell 2002; Reijonen and Komppula 2007). By contrast, an archetype entrepreneur is commercially oriented, guided by vision and action, actively engaged in social networks, focused on continuing education, experiential learning and the exploitation of commercial opportunities (Johannisson 1992). This classification of artisan entrepreneurs and in particular the dichotomy of a lifestyle or commercial orientation represents artisan entrepreneurs as less concerned with the commercial aspects of the business. This view is underlined by Bouette and Magee (2015) who view artisan entrepreneurs as professional craftspeople, resistant to growth, in contrast 'entrepreneurs' are business focused, aiming to expand production and employment growth. A lifestyle orientation is perceived as in conflict with business growth, for instance, an artisan's choice to live in a rural location will restrict market access and engagement in handcrafted methods of production will limit the business scale and efficiency and compromise profitability (Parry 2010). Growth, particularly in terms of increasing the number of employees, is viewed as leading to a loss of direct control, and such beliefs are used to partly explain why artisan businesses tend to remain small and micro-firms with few employees (Mathias and Smith 2015).

However, by viewing artisan entrepreneurs as motivated primarily by lifestyle concerns the commercial realities of running a small business are ignored or minimised. Commercial goals are a central component in validating artisans as entrepreneurs rather than hobbyists (Bouette and Magee 2015), and artisans face the same commercial realities as all business owners. Financial objectives are generally not found to be the primary motivator for artisan entrepreneurs (Parry 2010) and artisans are primarily viewed as profit 'sufficers' rather profit maximisers (Sage 2003). While, Getz and Petersen (2005) find that artisan entrepreneurs may be

unwilling to increase their number of employees, they were found to demonstrate significant commercial orientation, strategically and proactively engaging in opportunity-seeking behaviour and market positioning activities with a focus on innovation and internationalisation. However, Hinrichs (2000) argues the need to sustain livelihoods ensures that 'marketness' and instrumentalism are necessary qualifiers of artisan entrepreneurial behaviour and cautions against an overly sentimental view of artisan entrepreneurship.

In addition, this view of artisan entrepreneurship as a lifestyle choice is also explained by the fact that much of the existing studies have involved samples taken from European and North American contexts (Blundel 2002; Sage 2003; Felzensztein et al. 2010; Eriksson and Bull 2017); few studies have examined the goals and motivations underlying artisan entrepreneurship in the context of developing countries. Notable exceptions are Igwe et al. (2018), who examine rural artisan entrepreneurship in Nigeria, and Arias and Cruz (2018), who examine chocolate making in Honduras. In both studies, artisan entrepreneurs are driven by the lack of other forms of paid employment and the need to develop a viable income. By examining the motivations and goals underlying artisan entrepreneurship in different contexts, it is clear that greater attention needs to be paid to commercial aspects of artisan entrepreneurship.

Prior work has also highlighted how an artisan identity and brand image can not only be leveraged as a resource but also act as a constraint on entrepreneurial behaviour. An artisan brand image can be leveraged as a significant resource in marketing artisan businesses and products, due to the positive associations with craftsmanship, place and tradition (Lounsbury and Glynn 2001; Sage 2003; Eriksson and Bull 2017). An artisan identity and brand image draws on aspects of historical tradition, manual production and natural ingredients (Carroll and Swaminthian 2000). Artisan entrepreneurs' identity and the stories they tell to support that identity and reinforce that identity are central to the development of an artisan brand image (Mathias and Smith 2015). Artisan entrepreneurs develop their identity and brand image through narratives and stories that emphasise artisan attributes, such as a focus on craft and manual production methods which are claimed as 'central, distinctive and enduring characteristics of the artisan firm' (Lounsbury and Glynn 2001: 551).

An artisan brand image draws on and amplifies the artisan elements of production while minimising the importance of technology and innovation in the production process, in order to differentiate artisan products which command a premium price, from cheaper mass-produced alternatives. For instance, Beverland (2005) demonstrates that artisan wine producers are early adopters of the latest scientific and technical developments in wine production; however, they tend to downplay this expertise in favour of discussing the use of traditional methods, dedication to quality and the importance of place, in order to reinforce their artisan brand identity. Artisan entrepreneur's decision to focus on certain attributes, which emphasise the importance of craft, tradition and non-commercial orientation, is not surprising given that consumers are likely to penalise businesses when they engage in actions and activities that consumers perceive to be in opposition to their artisan identity (Konrad 2013). Ibbery and Kneafsey (2000) found that some artisan entrepreneurs were unwilling to sell to supermarkets because of the risk to their artisan identity and brand due to the required increase in scale and consistency of production. In examining consumer perception of artisan businesses, Barlow et al. (2016) show that when artisan firms with a strong reputation develop products that are viewed by consumers as undermining their artisan image, they suffer a significant loss of legitimacy. Barlow et al. (2016) examine consumer perceptions in the US craft beer industry and demonstrate that when firms develop and sell 'American lager', a product viewed as at odds with their artisan identity, firms suffer a strong negative stigma which significantly damages the organisations artisan identity and reputation for quality.

Prior work examining the impact of cognition, affect and identity on entrepreneurial behaviour has highlighted the importance of critical reflection regarding how and why artisan entrepreneurs are primarily viewed as being lifestyle motivated. Future research can seek to address this gap by examining artisan entrepreneurs' motivations and goals in different contexts, particularly in terms of the motivations and goals that underlie artisan entrepreneurship in developed and developing country contexts. Igwe et al. (2018) and Arias and Cruz (2018) demonstrate that in developing countries with few paid employment prospects, artisan entrepreneurship is driven by the need to develop a sustainable income.

Indeed, as Getz and Petersen (2005) argue a focus on increasing employee numbers may obscure the artisan entrepreneur's commercial orientation and engagement in opportunity-seeking behaviour and market positioning activities. Future research should further develop these insights and examine how artisan entrepreneurs can both maintain their artisan identity and brand image while pursuing commercial interests and profitable opportunities.

11.3 At the Meso-Level: Artisan Entrepreneurs Networking Behaviour

The meso-level is an intermediate level of analysis that acts as a bridge between micro-level considerations and the macro-level context (Kim et al. 2016). At the meso-level, artisan entrepreneurs are embedded in social networks which influence access to relational social capital in terms of information and other resources gained through networking. Research on artisan entrepreneurs networking, a particular form of entrepreneurial networking behaviour, focuses largely on why artisans engage in networking and the potential and real benefits acquired. Networking is commonly viewed as a form of entrepreneurial bricolage 'making do by applying combinations of the resources at hand to new problems and opportunities' (Baker and Nelson 2005: 333). Predominantly small and rural artisan firms are likely to be significantly constrained in terms of internal resource and may benefit significantly from networking with external organisations. However, much of the research on artisan entrepreneurial networking has concentrated on why, the potential benefits of networking for artisan entrepreneurs, it remains unclear how artisan firms engage with peer firms and supporting organisations (Mckitterick et al. 2016).

Prior work has indicated that artisan entrepreneurs benefit from networking with peers (Ashkenazy et al. 2018; Blundel 2002; Felzensztein et al. 2010; Batterink et al. 2010; McAdam et al. 2014, 2015; Ni Fhlatharta and Farrell 2017). While some artisan entrepreneurs benefit from a traditional or hereditary knowledge base, others must access

external knowledge sources and learn through the process of doing (Cope 2003). However, access to external resources and networking is constrained by geographical location and entrepreneurs own willingness to trust others and commitment to community and craft development. Geographic proximity and co-localisation of specialised firms are viewed as an important means of networked learning and tacit knowledge exchange for artisan firms. Geographic specialisation in a specific industry creates a comparative advantage as artisan entrepreneurs learn through interaction (Marshall 1961; Minguzzi and Passaro 2001; Tregear 2005). Felzensztein et al. (2010) examine data from SMEs operating within the salmon farming industry in two different regions—Scotland and Chile—and find that peripheral rural firms interact more intensively with neighbouring firms, relative to less isolated businesses. While geographic proximity may provide an impetus for collaboration and cooperation, trust-based considerations and the extent to which artisan entrepreneurs prioritise independence and control over networking and collaboration will impact how and particularly with whom they choose to network (Balfour et al. 2016; Blundel 2002; Tregear 2005; Parry 2010). Early research in this domain viewed artisan entrepreneurs as prioritising independence, and averse to reliance on others, possibly leading to a ‘fortress mentality’ (Curran and Blackburn 1994; Sacraceno 1994; Johannisson 1992; Hornaday 1990). Such beliefs then cause artisan entrepreneurs to limit their engagement in entrepreneurial networking behaviour due to the risk of unintended information leakage and increased competition (Balfour et al. 2016; Blundel 2002; Parry 2010). However, Tregear (2005) argues that such a view is misleading, as artisan entrepreneurs’ commitment to developing their practice is likely to override such concerns and leads to ‘general proclivity towards cooperation and community involvement’. In this sense, commitment to their craft works to mediate self-interest in place of a concern for wider common good (Sage 2003). Pret and Cogan (2018) argue that research suggests that within craft communities, artisan entrepreneurs’ mutual commitment to their craft facilitates trust, knowledge sharing and socio-emotional support. This environmental context produces an ethos of collaboration and sets boundaries for acceptable behaviour (Drakopoulou Dodd et al. *in press*).

Kuhn and Galloway (2015) highlight the importance of peer firm cooperation in the same industry sector as important sources of context-specific knowledge and resources. Such context-specific or 'deep' knowledge is expected to be more beneficial to artisan entrepreneurs than 'broad' knowledge offered by supporting organisations. As Eriksson and Bull (2017) demonstrate, learning to produce artisan cheese requires close and deep interaction to ensure the continuation of craft-based practices and prevent the attrition of tacit knowledge. Kuhn and Galloway (2015) argue that artisan entrepreneurs' motivations impact how much networking they engage in and with whom they network, demonstrating that artisan entrepreneurs motivated primarily by commercial motivations are more likely to engage in joint promotion activities, whereas entrepreneurs motivated by love of their craft are more likely to seek out peers for emotional and psychological support. In examining how artisan firms interact with supporting organisation, an alternative to peer firm networking, Mckitterick et al. (2016) demonstrate that small artisan firms often lack understanding of how to access support networks and which agencies to approach arguing that supporting organisations may be unable to connect with and support artisan firms unless their programmes are tailored to suit the needs of small firms.

Prior work has indicated that small artisan firms benefit from networking with peers (Ashkenazy et al. 2018; Blundel 2002; Felzensztein et al. 2010; Batterink et al. 2010; McAdam et al. 2014, 2015; Ni Fhlatharta and Farrell 2017). However, little attention has been paid to how entrepreneurs engage in networking behaviour, particularly with whom they network and why. Kuhn and Galloway (2015) offer important insights into the importance of peer networking for artisan firms. Future research can further develop this insight and examine the impact artisan entrepreneur's engagement in peer networking. In addition, a longitudinal focus involving the collection of data at different points in time would enable the capturing in real time of the emergence, development/ change, in the ability of artisan entrepreneurs to engage in networking at different stages of business development.

11.4 At the Macro-Level: Institutional Context, Entrepreneurial Behaviour and Regional Development

In examining the impact of macro-institutional context on artisan entrepreneurship, we build on prior work which has argued for greater attention to be paid to the impact of the institutional context on entrepreneurs' behaviour (Welter and Smallbone 2011). In particular, we highlight research which examines how artisan entrepreneurs' behaviour fits within and is influenced by the wider context of regional and rural development policy. Artisan entrepreneurship often has low revenues but represents high value in a region (Acheson et al. 1996; Ratten and Farreira 2017). Prior studies examining artisan food firms have highlighted the significant potential of such businesses in facilitating socio-economic, rural and regional development (Blundel 2002; Felzensztein et al. 2010; Batterink et al. 2010; McAdam et al. 2014, 2015; Ni Fhlatharta and Farrell 2017). Cultural enterprises contribute to the economic and social fabric of a region by encouraging the longevity of local customs and traditions (Ratten and Farreira 2017: 166). Artisan entrepreneurs are argued to play a key role in their regions economies and competitiveness by contributing to tourism, and employment, in so doing, they augment the identity, reputation and competitiveness of their home regions (Pret and Cogan 2018).

While the contribution of artisan firms to rural and regional development is potentially high, their contribution is contingent on a supportive institutional context. Institutional analysis of organisational behaviour argues that firm behaviour is shaped by broader cognitive, normative and regulatory forces that are supported and enforced by powerful actors such as government agencies, trade associations and special interest groups (Lounsbury and Glynn 2001: 556). Rural areas have significant limitations with regard to business development due to underdeveloped infrastructure, shortage of skilled workers and the small scale of the local market (Bouette and Magee 2015). Regional supporting organisations and cooperatives can ameliorate some of these limitations by facilitating

market access, attracting buyers, organisation of trade fairs, providing funding and training opportunities (Iberrry and Kneafsey 2000).

In particular, a number of studies have examined the contribution of geographical indicators (GIs) as place and quality branding initiatives to support and market regional artisan food products (Bowen and De Master 2011; Bowen and Zapata 2009). The EU's Committee of Regions (1996) recognises the promotion of regional quality products as a means of developing rural regions (Iberrry and Kneafsey 2000). Specifically, place branding involves the promotion of a distinctive local identity and marketplace image to outsiders (Lee et al. 2015). While a number of studies have shown that labelling regions and producers as GI's may facilitate socio-economic sustainability (Van Der Ploeg et al. 2000), Bowen and Zapata (2009) detail the negative impact of extra-local actors on the agave-tequila industry arguing that such actors have largely failed to protect the link between local firms and resources and quality of the tequila. Bowen and Zapata (2009) highlight that the official boundaries of the agave-tequila-producing region include areas not suitable for growing agave and small farmers in particular receive poverty wages, with 20% households included in the study reporting net annual incomes of less than zero (Bowen and Zapata 2009: 114). In addition, intermediaries, known as coyotes, buy agave at very low prices from farmers and then resell to the tequila companies, further undermining the value for the local community. Gaytan (2018) similarly examines the mishandling of the Denomination of Origin (DO) certification system in the production of agave-tequila and mezcal in Mexico. The purpose of certification is to protect regional products from destructive international competition and maintain traditional methods of production (Gaytan 2018). In 2011, the Mexican Institute of Industrial Property applied to trademark the agave plant species. The proposed legislation was widely viewed as benefitting large industrial and multi-national corporations to the detriment of small local producers who have harvested agave and produced drinks in a traditional manner for hundreds of years. However, the legislation was recalled in 2012 due to national and international protest and proposals were put forth to put local farmers and artisan mezcal and tequila producers in preparing new legislation. It was argued that officials should 'make an open call for those non-DO producers of agave spirits to discuss

... with them the regulations, and form, in accordance with them, a working group for the joint development of legislation' (Colunga et al. 2012 as cited in Gaytan 2018: 109). Johannisson (1993) asks under what conditions can local businesses keep a community viable. He argues that a basic requirement is that firms are locally owned, if this is not the case and extra-local businesses have significant power, with few ties to the community, the benefits of regional development initiatives for locals will be minimal. Power relations are important, as in the absence of legislation which prioritises local artisan entrepreneurs any attempts to promote regional products will be exploited by large-scale multi-national businesses. No single firm should dominate the local community. A wide distribution of ownership and production will generate a dynamic regional development context and facilitate efficient access to advice, markets and supporting resources and organisations.

In addition, to ensure that legislation is developed which adequately protects and shields local artisan firms from powerful extra-local competitors, attention should also be paid to the compatibility between the behaviours advocated by legislation designed to promote and protect artisan entrepreneurship and what artisan entrepreneurs actually do. The importance of such a fit is well documented in the case of artisan cheese production in the context of an institutional framework designed to support industrial cheese production. Eriksson and Bull (2017) examine the development of artisan cheese in Sweden, arguing that while the variety and taste of raw unpasteurised cheese are valued by consumers, Sweden's rural development policy, regulation and hygiene standards prioritise pasteurisation, standardisation and centralised distribution. Eriksson and Bull (2017) provide an example of a producer of Getost, a local raw milk cheese, which develops mould in an uncontrolled way during the maturation process, giving the cheese a distinct taste and variability, being asked to store her cheeses in plastic instead of wood containers. A practice which she refused to comply with as it would interfere with the transfer of mould from the local environment, which gives the cheese a distinctive taste. Eriksson and Bull (2017) find that, as a result of a regulatory framework incompatible with artisan cheese production methods, no regional artisan cheese in Sweden has been registered under a geographical protection framework due to the complexities of the process and requirements.

Rather Sveica, a non-regional industrially produced cheese, is registered; however, this is argued to be explained by pressure at the EU level to ensure that all member states benefit from GI certification.

The example of artisanal cheese production in Sweden provides a clear example of how the institutional context, at both a national and European level, finds it difficult to support small-scale artisan entrepreneurs who rely on manual and traditional methods. A similar outcome is shown by Mancini (2013) in the context of artisan cheese production in Nicaragua, a developing country. Like Sweden, artisan cheese is produced using unpasteurised milk; however, milk quality and hygiene levels are low; most producers have no specialised milking area and often unclean wooden or plastic containers are used for storing milk with milk often left in the sun and unrefrigerated (Mancini 2013). In the context of a developing country such as Nicaragua, artisan entrepreneurs are similarly constrained by institutional context, not in terms of unsupportive regulations but by lack of access to necessary information and finance to enable investment in necessary equipment and upgrading of premises, milk quality and hygiene standards. Mancini (2013) finds that as a result of self-interest of some participants, absence of necessary support initiatives to develop a collective rural development process was unsuccessful and artisan cheese was successfully registered under the GI scheme. The examples provided by Eriksson and Bull (2017) and Mancini (2013) highlight the importance of taking the national context into consideration in order to understanding the likely impact of institutional framework on artisan entrepreneur's behaviour and outcomes.

Our review has highlighted research which demonstrates that institutional supports to promote artisan entrepreneurs in a specific region can have limited and even negative effects when extra-local organisations have significant power and influence (Bowen and De Master 2011; Bowen and Zapata 2009). The institutional context clearly has a significant impact on artisans' entrepreneurial behaviour. Future research should further examine the relationship between institutional context, artisan entrepreneurship and regional development. For instance, regulation, which may have been developed with the intention of protecting and promoting artisan businesses, is forcing specialist producers to upgrade their scale and methods of production and may have the opposite

effect, creating a significant burden which weighs especially heavily on small artisan firms (Sage 2003). However, in the context of developing countries, such regulations need to be matched with a system of structural supports, enabling access to information and finance creating a viable development for artisan firms rather than acting simply as a barrier to growth and export.

11.5 Conclusion and Future Research Agenda

The aim of this chapter was to explore the manifestation of entrepreneurial behaviour in the context of artisan entrepreneurship studies. In conclusion, the chapter discusses the implications of this new context in terms of what we understand by the term entrepreneurial behaviour. As Bird et al. (2012: 212) note ‘no opportunity is exploited nor does any venture come to exist, survive or grow without entrepreneurs taking action’. However, to date there remains significant debate regarding how artisan entrepreneurs behave. A broad range of studies have been presented which explore artisan entrepreneurship from a variety of perspectives (see Table 11.1 for a summary).

In critically reviewing research on artisan entrepreneurial behaviour, three main perspectives were identified. First, research examining micro-level factors such as cognition and affect as antecedents and constraints on artisan entrepreneurial behaviour is analysed. Second, meso-level research on artisan entrepreneurial networking, an area of entrepreneurial behaviour that has received considerable empirical attention, is reviewed. Third, macro-level studies, which prioritise the impact of institutional factors on artisan entrepreneurship and the consequent potential for regional and rural development, are investigated.

In order to further research in this area, we argue that research should apply a multi-level focus, explicitly examining how macro-meso-micro factors interact and influence artisan entrepreneurs’ behaviour. For instance, changes in the institutional framework and regulations can be made possible by meso-level networking and organising; however, engagement in networking is affected by micro-level conditions such as individual entrepreneur’s motivation and goals.

Table 11.1 Artisan entrepreneurship research

Main focus	Author(s)	Setting	Method	Findings
Micro level: antecedents and constraints on artisan entrepreneurial behaviour	Getz and Petersen (2005)	Multiple, craft firms	Quantitative	Focus on lifestyle rather than growth with focus on strategic market positioning
	Tregear (2005)	UK, food & drinks	Qualitative	Artisan firms simultaneously pursue commercial and lifestyle goals
	Barlow et al. (2016)	US, food & drink	Qualitative & Quantitative	Products that do not fit with the firm's artisan image undermine organisational legitimacy
Meso-level: networking as entrepreneurial behaviour	Kuhn and Galloway (2015)	Online, craft firms	Qualitative and Quantitative	Peer networking is an important source of advice and emotional support
	McAdam et al. (2014)	UK, food & drinks	Qualitative	Horizontal networking facilitates knowledge sharing and innovation
	Felzensztein et al. (2010)	Scotland, Chile, food & drinks	Qualitative	Firms located in rural and peripheral regions network intensively with geographically proximate firms in the same sector

(continued)

Table 11.1 (continued)

Main focus	Author(s)	Setting	Method	Findings
Macro-level: impact of rural and regional development policies	Bouette and Magee (2015)	Ireland, mixed craft firms	Qualitative & Quantitative	Artisan firms receive limited benefit from interaction with supporting organisations
	Bowen and De Master (2011)	France, Poland, food & drinks	Qualitative	Quality food initiatives established can have negative consequence – reduces diversity and focus on extra-local markets
	Bowen and Zapata (2009)	Mexico, food & drinks	Qualitative	Efforts to promote regional artisan businesses may have limited benefit for local environment due to powerful extra-local organisations and intermediaries

At the micro-level of analysis, studies need to move away from assumptions viewing artisan entrepreneurs as lifestyle oriented and growth averse (Sage 2003; Johannisson 1992); rather greater attention needs to be paid to the commercial realities of running a profitable enterprise (Bouette and Magee 2015) and the possible tensions and concessions that arise. While prior research has highlighted the benefits of an artisan identity in terms of developing a positive brand image, Beverland (2005), Konrad (2013) and Barlow et al. (2016) demonstrate that an artisan identity can also be a significant constraint on entrepreneurial behaviour. Future research should further unpack these findings and examine the link between identity, branding and legitimacy in the context of artisan entrepreneurship.

At the meso-level, we presented conflicting research regarding artisan entrepreneurs' engagement in networking. On the one hand, artisan entrepreneurs are believed to limit their engagement in networking due to the risks of unintended knowledge leakage and loss of control (Alvarez and Busenitz 2001; Balfour et al. 2016; Blundel 2002; Parry 2010). The alternative view argues that artisan's commitment to the development of their craft outweighs their self-interest (Drakopoulou Dodd et al. [in press](#)) and networking with peer firms is believed to be especially beneficial in terms of access to 'deep', sector specific knowledge (Kuhn and Galloway 2015). In order to advance research in this area, future studies should critically examine differences in artisan entrepreneurs networking behaviour and why these differences emerge. Finally, at the macro-level, we provide an overview of research examining the link between artisan entrepreneurship and regional development. Significant prior work has highlighted the link between artisan firms and regional and rural development (Ashkenazy et al. 2018; Blundel 2002; Felzensztein et al. 2010; McAdam et al. 2014, 2015). However, as Bowen and De Master (2011) and Bowen and Zapata (2009) point out, artisan entrepreneurship and regional development efforts will benefit local interests only when there is a well-functioning institutional framework and extra-local firms do not have significant power and influence. Future research should focus on further examining the relationship between institutional context, artisan entrepreneurship and regional development. Moreover, in order to drive the artisan entrepreneurship field forward greater attention needs to be paid to conceptual rigour and theory development. As outlined in Table 11.1, and argued by Pret and Cogan (2018), studies of artisan entrepreneurial behaviour are highly focused on empirical analysis with few conceptual papers. Future research should focus on enhancing our theoretical models of entrepreneurial behaviour in the artisan context.

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Part IV

Entrepreneurial Behaviour and Society



12

Is It a Bird? The Social Entrepreneurial Superhero: Fact or Fiction?

Simon Adderley

12.1 Introduction

As the other chapters in this volume have shown, there is a significant gap between the academic discourse of entrepreneurial behaviour and the popular mythos of the entrepreneur. The concept of the 'hero' entrepreneur has become increasingly popular in recent years due in part to the championing of the entrepreneur as a 'business folk hero' (Toffler 1985) and, it has been argued, a growing disenchantment with traditional capitalist models (Morra 2014). This chapter will argue that if the 'for-profit' entrepreneur has been seen as a hero, then the social entrepreneur has become a superhero, imbued with behavioural and motivational traits which make them stand out from the crowd.

It has become a truism to state that social enterprise itself remains a relatively new area of research, but we are now at a point where a body of work is developing and the exploration of the motivations and the behavioural traits of social entrepreneurs has been the subject of significant

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academic attention (Doherty et al. 2014; Nga and Shamuganathan 2010; Thompson et al. 2000). This work has been supported by additional research into the management decisions of social enterprises as hybrid organisations (Pache and Santos 2013) rather than upon the individuals who make up such organisations. Additionally academics have explored the role of the individual within social enterprises including an examination of the nature of volunteering (Austin et al. 2012; Dees 1998) or the ability of managers to recruit and motivate within organisations subject to limited resources (Battilana and Dorado 2010; Haugh 2007; Membretti 2007).

This chapter will explore the common myths of the social entrepreneur—both as an academic conceptualisation and as a political one. It will argue however that such a mythos is too simplistic a paradigm to fully explain the phenomenon of social entrepreneurial behaviour and the motivations that lie behind it and that a more holistic view of power dynamics, geography, gender, race, and ethnicity is needed as well as an awareness of the geographic and temporal specificity of the key actors.

12.2 Entrepreneur as Hero

The concept of the entrepreneur as ‘hero’ has been well developed. The story goes that while there are managers and employees who work in traditional companies there is also another class of people who are firm founders. These brave individuals take personal and professional risks to start new businesses, they face hardships and often derision, not all of their ideas work, and they fail often. But they never give up. When they fail they try again, when they are refused finance they source it another way, when they are ridiculed as outsiders they remain strong. Eventually their perseverance pays off and their businesses do well. They achieve their goals and are finally recognised as the visionaries that they truly are.

This story informs popular conceptions of the entrepreneur from television shows, such as *The Apprentice*, *Dragons’ Den*, or *Shark Tank*, our understanding of famous entrepreneurs (Anderson and Warren 2011) to political statements (Shane 2008), but we should not shirk from an acceptance that it has a home within traditional management literature.

Such giants of the field as Drucker and Noel (1986) have argued that the entrepreneur is a different creature who ‘always searches for change, responds to it and exploits it as an opportunity’, while Kirzner (1973) saw the entrepreneur ‘not as a source of innovative ideas *ex nihilo*, but as being alert to the opportunities that exist already and are waiting to be noticed’ (p. 59). More obviously for Schumpeter (1942), entrepreneurs are feudal knights who ‘drive the “creative-destructive” process of capitalism’, (p. 81) while even as late as the end of the twentieth century, Wennekers and Thurik (1999) felt able to state that the entrepreneur is ‘the principal actor in the entrepreneurial eco-system that drives the economy and society’ (p. 30).

This understanding of the entrepreneur as a special individual reached its apex in the psychological theories of the latter half of the twentieth century which attempted to understand the specific traits that separated entrepreneurs from employees. McClelland (1951, 1961), for example, attempted to measure the need for achievement of entrepreneurs, while others such as Liles (1974) have maintained that entrepreneurs have a decided willingness to take risks. Schere (1982) argued that tolerance for ambiguity is an important trait for entrepreneurs because the challenges and potential for success associated with business start-ups are by nature unpredictable. Shane et al. (2003) provided a summary of much of this research to create a list of eight interconnected traits including need for achievement, risk taking, tolerance for ambiguity, locus of control, self-efficacy, independence, drive, and egoistic passion.

In more recent years this conception of the entrepreneur as a hero has been strongly challenged. Drakopoulou Dodd and Anderson (2007) have argued convincingly that while a ‘common-sense understanding of entrepreneurship infers an individual. It may be that taking account of the dynamics of social conditioning, social interaction and the embedding process is simply too complex to be used as a heuristic; instead the convenient myth of the romantic, heroic individual holds sway’ (p. 352). For those authors challenging this perspective, this ‘heuristic’ is the result of a series of ‘taken-for-granted’ assumptions (Lindgren and Packendorff 2002) which focus upon the individual rather than the social role of entrepreneurship simply because researchers and policy makers can understand and work with that concept much more easily (Johannisson

1998). Authors who expound on this discourse challenge 'the notion of the entrepreneur as a lone hero, battling against the storms of economic, government, social and other environmental forces' Cooney (2005, p. 226) and instead attempt to place the entrepreneur within a social context whereby their actions are the result of a series of interconnected social understandings and interactions (Nijkamp 2003). Instead they focus upon the need for trust and cooperation between entrepreneurs (Jones and Conway 2000).

A more significant shift (of which more later) is to understand entrepreneurship not simply as firm foundation but as an act of social 'doing' (Drakopoulou Dodd et al. 2007). Within this framework, where the key element of entrepreneurship is to achieve a social change of some kind rather than to develop a commercial entity, the concept of social action becomes dependent upon the 'geographic, discursive and social sense' in which it takes place (Steyaert and Katz 2004; Zafirovski 1999; Jack and Anderson 2002; Uzzi 1997).

Nevertheless, regardless of this challenge the dominance of the common mythos persists. Nicholson and Anderson (2005) analysed a series of newspaper articles discussing entrepreneurship over a ten year period. They point out the propensity of metaphors which describe the entrepreneur as an individual. The point was highlighted by Drakopoulou Dodd et al. (2007) 'warrior, superman, captain, pioneer, sportsman.... all individualised. It seems then, that the popular image of the entrepreneur is the heroic individual. While such social constructions may, or may not, reflect reality they guide... our sense of reality'. And if this narrative of the entrepreneur as hero is true within the popular discourse, then it remains even more so in the conception of the social entrepreneur and the popular understanding of their behaviours and motivations.

12.3 Social Entrepreneur as Superhero

Social enterprises have often been seen as mechanisms whereby innovative solutions can be applied to 'nagging problems' (Cox and Healey 1998) and as a tool to apply market conditions to social welfare (Salamon 1999; Goerke 2003; Zahra et al. 2009). However perhaps the most

common way in which the language has been developed has been to laud social enterprises as the vehicle for a more enlightened type of capitalism (Adderley and Kirkbright 2015). In this respect social entrepreneur traits and behaviours are similar to those of any other kind of entrepreneur (Sastre-Castillo et al. 2015); and social entrepreneurs are simply entrepreneurs looking to make a social impact (Beugré 2016).

For authors such as Nga and Shamuganathan (2010), the economic upheaval of the late 2010s and onwards reflected a crisis in the nature of capitalism itself, demonstrating that ‘unbridled commercial entrepreneurs who are allowed to pursue their short-term opportunities regardless of the consequences has led to a massive depreciation of the wealth of nations, social livelihood and environmental degradation’ (p. 259).

Building upon the works of such authors as Hemingway (2005) and Mintzberg et al. (2002), they argued that ‘the time has come’ for a new type of entrepreneur. One who demonstrates the positive ‘can-do’ attitude of the ‘for-profit’ entrepreneur but who also matched this with a social conscience. For them the new age of capitalism required a blending of economic social and environmental values: ‘Social entrepreneurs present such a proposition through their deep commitment towards the social vision, appreciation of sustainable practices, innovativeness, ability to build social networks and also generate viable financial returns’ (p. 259). Other authors have expanded upon this conception of social entrepreneurs as being markedly ‘different’ from traditional entrepreneurs either in the way in which they perceive and assess opportunities (Austin et al. 2012) or how they manage accountability and identity (Tracey and Phillips 2007).

Through innate nurturing, education and socialisation processes such individuals could be fostered to not only develop economic growth but to do so in a socially progressive way. They identified five such traits which could be developed: openness, extroversion, agreeableness, conscientiousness, and neuroticism (p. 261). Again such a concept drew heavily upon traditional management literature and emerged at a time when the popularity of the sustainable development discourse was becoming more mainstream (see Bebbington 2000; Elkington 1998; Porter and Kramer 2011; Stead and Garner Stead 1994; Gladwin et al. 1995, amongst others).

Key to this message was that social entrepreneurs were similar and yet fundamentally different to 'for-profit' entrepreneurs. Such differences were intrinsic to the nature of social enterprises as 'hybrid organisations', caught 'between the competing demands of the market logic and the social welfare logic that they combine' (Pache and Santos 2013, p. 972). This hybridity has been explored in two basic ways (Grohs et al. 2015). Firstly an exploration of the organisational and legal characteristics of social enterprises (Bode and Evers 2004; Defourny 2001; Garrow and Hasenfeld 2014; Kerlin 2006, 2012; Cornforth and Spear 2010), which stressed the legal entity of a social enterprise as an organisation with specific structures and limits to its profit making capacity. Secondly the key factor was the 'social innovation' itself (Dees and Anderson 2006; Defourny and Nyssens 2010; Nicholls 2006; Squazzoni 2009). This approach focused upon the activities and actions of individuals rather than the detailed structure or organisations (Dacin et al. 2011).

For these authors social enterprises are inherently different from 'for-profit' enterprises, and thus social entrepreneurs are inherently different from 'for-profit' entrepreneurs (Mair and Noboa 2006; Shaw and Carter 2007). Social enterprises are (or at least should be) dominated by their social mission: their aim to 'combine commercial and philanthropic elements in a productive balance' (Dees 1998, p. 60) and 'make significant and diverse contributions to their communities and societies, adopting business models to offer creative solutions to complex and persistent social problems' (Zahra et al. 2009, p. 519).

While traditional business paradigms are important to them and they must secure financial sustainability (Weerawardena and Mort 2006), the traditional metrics by which business is measured (e.g. shareholder value) is not appropriate. However, the replacement metrics of 'achieving social good' are so intangible as to be almost impossible to measure or to even define (Lehner and Kansikas 2012; Stevens et al. 2015; Fowler and Hope 2007). In such an ambiguous world, then personal drive, personal commitment and personal values become more, not less, important. In such a world the social entrepreneur must be not only a hero but a superhero, and much research therefore emphasises the motives of social entrepreneurs to achieve a 'social good' (Murphy and Coombes 2009; Zahra et al. 2009; Sharir and Lerner 2006).

Zahra et al. (2009) developed a typology of social entrepreneurs to support this thesis. Social bricoleurs meet local- and small-scale unmet need; social constructionists meet market failures; and social engineers challenge wider systemic problems in society. Echoing the language of Schumpeter, they argue that ‘entrepreneurs often destroy dated systems, and replace them with newer and more suitable ones... In fact, one of the greatest skills of many social entrepreneurs is their ability to inspire, marshal and mobilise the efforts of commercial and non-commercial partners, donors, volunteers and employees in the pursuit of social wealth’ (pp. 519–520).

Prabhu (1999) has focused upon this leadership role stating that social entrepreneurs have a deep feeling of uneasiness with the status quo, high levels of altruism, a need to be true to one’s values and beliefs, need to match with one’s self concept, and need to be socially responsible. While these traits are placed within a concept of embeddedness whereby the traits themselves are only useful in so far as they can rely on social capital to enact change, the reliance on ‘types’ reflects a concept which has been criticised for firstly focusing too much on the individual (Spear 2006) and secondly focusing too much on the ‘social entrepreneur as hero’ (Parkinson and Howorth 2008, p. 291). Effectively, social entrepreneurs are described as ‘entrepreneurially virtuous’ (Mort et al. 2003, p. 82), community-centric (Sharir and Lerner 2006), reformers while the impact of collective efforts is ignored (Corner and Ho 2010; Moizer and Tracey 2010).

Sharma and Singh (2018) have argued that these factors can be brought together in a specific Social Enterprise Mind-set (SEM). They posit a conception of an SEM predicated upon a psychological understanding of the social entrepreneur. This conception includes three main aspects: a prosocial orientation, an entrepreneurial mindset, and a systemic change orientation.

A prosocial orientation is understood as a regard not simply for the outcomes of action for the self but also for the outcomes of action for others (Van Lange 1999). Sharma and Singh (2018) see such an orientation as a merging of a series of motives within the individual. Firstly the altruistic drive to increase another person’s welfare (Batson and Powell 1998) demonstrated by ‘voluntary actions that are intended to help or

benefit another individual or group of individuals' (Eisenberg and Mussen 1989, p. 3). Secondly the egoistic motivation predicated upon increasing one's own perception of the self by the helping of others (Maner and Gailliot 2006). Thirdly a moral rule orientation drive predicated upon a sense of justice or moral principles Rest (1986).

In addition to this orientation, they argue that an SEM involves attitudes more traditionally associated with for-profit entrepreneurs. These include firstly a promotion focus, that is, an appreciation of opportunities and a willingness to engage in new tasks to exploit them (Higgins 1997; Kark and Dijk 2007; Liberman et al. 1999); secondly a growth-mind-set, whereby individuals believe that personal abilities can be developed over time through effort (McCrae 1987; Feist 1998); thirdly an optimistic attitude to risk (Kahneman 2011); and lastly an internal locus of control or the belief that outcomes are the consequence of actions (Shane et al. 2003).

The third key factor put forward by Sharma and Singh (2018) is a systemic change orientation. This posits that social entrepreneurs see themselves as 'change makers' who are capable of systems thinking orientation, understanding human action as a complex system, and thus a holistic understanding of social issues relying upon self-reflection, empathy, and open-mindedness (Burnell 2016). Moreover an SEM incorporates an ability to engage in paradoxical thinking whereby individuals reject simple linear solutions to complex problems (Westenholz 1993).

It is worth stressing that at the time of writing despite its intriguing theoretical concepts, there is almost no empirical evidence to support the existence of an SEM let alone provide a detailed breakdown of its component parts. Moreover this view of an SEM retains the focus upon the individual as a heroic actor and ignores the structural factors inherent within social entrepreneurship.

12.4 Social Enterprise Structures

Indeed, the collective structures of social enterprises provide a systemic challenge to the notion of the superhero social entrepreneur. Social enterprises are often significantly more democratic organisations than their

'for-profit' counterparts (Cornforth 2004; Low 2006; Somerville and McElwee 2011; Wilson and Post 2013). Boards of trustees (often a legal requirement for many social enterprise structures) are significantly less likely than private sector directors to be paid (Cornforth 2004; Stone and Ostrower 2007) and thus are much more likely to have their own social motivations for their involvement. This creates a much more complex picture than exists within the private sector with a dynamic and ever changing conception of 'social good' being constantly re-defined within the organisation Lumpkin et al. (2013).

For social entrepreneurs who are engaged in activity within either existing non-profit organisations (social intrapreneurship) or in the form of new start-ups emerging from old non-profit organisations, this is a particularly pertinent issue. Both reflect the internal tensions of a hybrid organisation operating across, and shifting between, social and commercial activities (Cooney 2006; Di Domenico et al. 2010). Attempting to create financial and social value simultaneously poses significant challenges in terms of organisational culture and personnel recruitment and development (Battilana et al. 2012). As Newth and Woods (2014) state 'the "shape" of social innovation will explicitly and implicitly be formed by the expectations and demands of the stakeholders whose support is required for the successful implementation of the innovation'.

Thus, within established organisations, there will be an inherent cultural inertia of established norms and routines which will inhibit the endogenous development of innovations that are seen to endanger the status quo or seem to violate established understandings of how the organisation should achieve its mission. This reflects the findings of a more traditional literature on corporate cultures (Schein 1985, 1990; Deal and Kennedy 2000; Johnson 1990). Within third sector organisations, this places a particularly large stress upon innovators to convince colleagues of the benefits of moving towards a social enterprise model. Indeed the very notion of moving towards an 'enterprise' model may be an anathema to many within the third sector, embodying as it does notions of 'business' and 'profit' which may feel distinctly inappropriate (Tracey et al. 2011).

Of course, within each social enterprise these dynamics will manifest themselves differently. What is important to recognise is that any

conception of the social entrepreneur acting individually on a set of personally held traits and motivations regardless of organisational context is much too simplistic.

12.5 Social Enterprise Geographies

A large number of studies have highlighted the importance of institutional and cultural context in shaping and determining the level of entrepreneurship within different countries (Busenitz et al. 2000; Bowen and De Clercq 2008). A country's institutional context determines the 'rules of the game' and shapes the individuals' and organisations' behaviour (North 1990; Scott 1995).

This is certainly true of social enterprises. Indeed an increasing number of studies have demonstrated that in fact there is no single definition of social enterprise, but rather individual social enterprises reflect, and emerge from, specific socio-economic backgrounds (Kerlin 2009; Nicholls 2006; Nyssens 2006; Salamon et al. 2000; Salamon and Sokolowski 2010).

An exploration of social enterprise in three European countries, for example, the United Kingdom, Germany, and Cyprus, yields some interesting comparisons.

12.5.1 United Kingdom

In the United Kingdom, social enterprise is an extremely well-developed movement with clear legal and operational definitions and receiving the strong support of the current and the previous UK governments. Defourny and Nyssens (2010) have shown how within the United Kingdom's liberal welfare state, 'charities, relying on voluntary resources, are seen as key actors to solve market and state failures' (p. 4), while Hall and Soskice (2001) have pointed out the challenge of private competitors in the market for social services has created an environment which supports institutional complementarities between private and public sector bodies. Furthermore Leadbeater (1997) argued that in the United

Kingdom specifically the failure of the welfare state led directly to the creation of the social enterprise movement. For such authors policy makers often identified social enterprise as a panacea whereby social needs were met without increased public spending. In particular social enterprise was very much supported by the 2010 government's commitment to the notion of the big society (Thompson 2011) which was first introduced to the British public within the Conservative Party Manifesto for the 2010 election.

If we are going to mend our broken society and make British poverty history, we need to address the causes of poverty and inequality, not just the symptoms. We need new answers to the social problems we face – and we believe that the truly effective answers will come from a big society, not big government; from social responsibility, not state control. (Conservative Party 2010)

This concept, one of citizens acting on their responsibilities as citizens to help, with state support, build a better society, has continued to be present in speeches and announcements from the UK government. Typical is the comments made by the then Prime Minister David Cameron, in September 2014, at the launch of 'Social Saturday', the United Kingdom's first 'national celebration of social enterprise'.

This is a day to celebrate and buy from social enterprises – businesses that put people and planet first... In villages, towns and cities up and down the country there are increasing numbers of shops, cafes, cinemas and nurseries that are run for the benefit of local communities. (Burn Callander 2014)

Or his comments made at the Social Impact Investment Forum:

Government needs to be more creative and innovative – saying to social entrepreneurs: 'if you can solve the problem we'll give you money.' As soon as government says that, social entrepreneurs can go out and raise capital....Some people have asked whether I still believe in building a bigger, stronger society? I say to them – look around this room. See how social investment can help to change lives. See how social investment is bringing communities together. See how social investment is making our societies

and therefore our countries stronger. Am I prepared to fight for that? You bet I am. (Cameron 2013)

Social enterprise in the United Kingdom is, of course, much more than simply a reaction to a 'call to arms' from a single ex-Prime Minister; there is a wide literature exploring the concept and indeed many social entrepreneurs would actively recoil at the notion, but the language that was used by David Cameron, the language of enterprising citizens tackling social problems and finding social solutions independent of the state, lies behind much of the current UK social enterprise practitioner discourse.

12.5.2 Germany

Germany was relatively slow to embrace the concept of social enterprise (Bode and Evers 2004; Kerlin 2006). For many writers in the closing years of the first decade of the twenty-first century, this was because the German socio-economic model is based on 'a social partnership agreement around the concept of 'social market economy', understood as a specific articulation between the market and the state to foster socio-economic development' (Defourny and Nyssens 2010, p. 207). Others perceived that there was a broad consensus that the government was responsible for supporting citizens in times of hardship, protecting them from dangers, and providing socially disadvantaged individuals assistance (Butterwegge 2005). In this way they specifically contrasted the German welfare system with that of the United Kingdom stating that social enterprise had not developed in Germany because there was no market opportunity for it to exploit.

Nevertheless over the last decade, social enterprise has grown in importance and interest (Bornstein 2007; Bornstein and Davis 2010; Elkington and Hartigan 2008). In 2005, Ashoka started to support the first German social entrepreneurs, and since 2006/7 incubation centres for social entrepreneurs have emerged in Berlin, Munich, and Hamburg. In 2009 Berlin hosted a conference of practitioners entitled: 'Social

entrepreneurship: Status Quo 2009' which defined 'social entrepreneurship' as a young and dynamic research field.

In January 2012 the KfW (the German government-owned development bank) developed specific products aimed at 'SMEs that want to solve social problems with an entrepreneurial approach and with an innovative business model'. Importantly however it remains the case that such social enterprises need to demonstrate a for-profit partner and overall funding possibilities for social enterprises start-ups are still rare.

Indeed despite what Grohs et al. have called the 'public hyping of social entrepreneurship' with its associated language of 'paradigm shifts' and 'change makers'. They have identified a number of systemic constraints to social enterprise within the welfare system itself.

The principal characteristics of conservative welfare states (such as a high degree of corporatism and the predominance of social insurance) often hinder the activation of new actors. In addition, the relatively high degree of social security and the density of services do not allow many niches for innovation, as is the case in the British and American systems. (Grohs et al. 2015, p. 176)

Scheuerle et al. (2013) have shown that German social enterprise has a specific demography which reflects its emergence from large third sector organisations. For example, despite the fact that as shown above, social enterprise in Germany is seen as a relatively new phenomena, 30% of the organisations in their large sample report being over 20 years old, many relying on volunteers and placing a high emphasis upon the values of integrity, competence, transparency, and loyalty and a low emphasis upon risk taking, long-term profit orientation, and financial strength.

12.5.3 Cyprus

The emergence of social enterprise in Cyprus is a still a new phenomenon, and no broad consensus has been reached yet over a formal definition of the concept. Although Cyprus has a long history of social

cooperatives, the specific field of social entrepreneurship is largely unknown, and efforts to develop it depend on the individual goodwill, persistence, and patience of the people who hold the vision of bringing social or environmental positive change to their country. There is no specific course on social enterprise at the University of Cyprus, for example, there is no recognised legal structure of social enterprises in Cyprus; and although a small number of social enterprises do exist, there is a lack of awareness of the concept amongst the general public and the government and also amongst social entrepreneurs themselves regarding the future or potential of the sector.

Much that is discussed tends to borrow heavily from the United Kingdom both because of the historic links between the two countries and the current links via European Union-funded programmes and between higher education establishments.

However, within such a small community (Cyprus has a population of only 1.1 m), any activity has a higher 'impact' than it would do in more populous countries. An annual event on social entrepreneurship takes place every autumn, and a network of social entrepreneurship has been established. Nevertheless the lack of awareness of the field adds extra barriers to people who want to become social entrepreneurs. The secondary issue, after the lack of demand, is one of limited access to funding for social enterprises in Cyprus. Not only is there no government support but bank loans can be only secured if supported by adequate personal guarantees.

Moreover as Cooney and Williams Shanks (2010) have pointed out 'because there is no historical precedent for commercial non-profit organisations, social enterprise organisations must orient the public to this kind of organisation' (p. 43). In countries such as Cyprus with a history of dictatorial governments and a present context of a divided island, social enterprise also must overcome cultural barriers to paying fees for services and the expectation that certain categories of disabled individuals are free from work (Kapoor 2005; Lucas and Vardanyan 2005). Indeed Cyprus demonstrates many of the barriers to social enterprise highlighted by Borzaga et al. study of Eastern European countries (2008), that is,

- A dominant 'transition myth' which leads to the promotion of neo-liberal organisations over 'alternative' organisations
- A belief that cooperatives and social enterprises are somehow politically suspect
- An overreliance upon individual donors to support all 'alternative economy' activities
- A perception that economic activity should be focused upon personal gain
- A 'parochial' political culture which hampers collaboration and networking

Clearly then the geographical context of within which social enterprise takes place is likely to affect the nature of its development.

Clearly then these different environments and geographic eco-systems have significant implications for the motivations and behaviours of social entrepreneurs. Indeed an increasing number of studies are showing that in fact there is no single definition but rather individual social enterprises reflect, and emerge from, specific socio-economic backgrounds (Kerlin 2009; Nicholls 2006; Nyssens 2006; Salamon et al. 2000; Salamon and Sokolowski 2010). In many ways this mirrors similar findings regarding 'for-profit' enterprise (Baumol 1996; Bosma and Levie 2010).

Put simply, the more a country's institutional context encourages and fosters social entrepreneurship, the more likely that individuals will be motivated to become social entrepreneurs compared to countries with contrasting contexts (Casson et al. 2006). In other words, formal and informal institutions influence how individuals perceive social entrepreneurship and the likelihood of social entrepreneurship (Stephan et al. 2015).

Institutions constitute the broader framework within which individual social entrepreneurs operate and they influence their values and beliefs. Institutions are societal/national and individual level phenomena (Busenitz et al. 2000; Casson et al. 2006). In this respect Scott's (1995) conception of regulatory, normative, and cognitive-cultural dimensions to organisational development is particularly relevant.

The existence of a supportive regulatory pillar (regulations, laws, and governmental policies and programmes that offer support to social

entrepreneurs) is likely to mean the development of more social enterprises (Stephan et al. 2015). The lack or limited support from the government and weak regulatory framework creates institutional voids that hinder any form of entrepreneurship. Similarly a normative pillar whereby a society encourages and values social entrepreneurship and innovation means it is more likely social entrepreneurs will emerge (Busenitz et al. 2000). Lastly a cognitive-cultural pillar which focuses on social value creation is more likely to provide social entrepreneurship options to individuals who are highly motivated to become social entrepreneurs. These individuals tend to possess the skills and knowledge about how to establish and run a successful venture as part of their shared social knowledge (Busenitz and Barney 1997; Busenitz et al. 2000; Adderley et al. 2015).

However while these authors have demonstrated the broad connections between civil structures, local economies, and welfare structures to social enterprises, all have highlighted the need for further exploration of the specific ways in which social enterprises and the activities which form them are informed, developed, and constrained by their local circumstance.

Furthermore, the majority of such literature has tended to concentrate upon individual countries or case studies rather than developing a comparative analysis (Bagnoli and Megali 2011; Borzaga and Defourny 2001; Cooney 2011; Dacanay 2004; Les and Jeliaskova 2005; Liu and Ko 2012; Mulgan 2006; Nyssens 2006; Squazzoni 2009; Young 2003). While some work is developing in this field (Defourney et al. 2014), more is still needed, and this chapter is intended to feed into this emerging discourse.

While this is a fascinating area of research, the majority of literature has tended to concentrate upon individual countries or case studies rather than developing a comparative analysis (Bagnoli and Megali 2011; Borzaga and Defourny 2001; Cooney 2011; Dacanay 2004; Les and Jeliaskova 2005; Liu and Ko 2012; Mulgan 2006; Nyssens 2006; Squazzoni 2009; Young 2003). While some work is developing in this field (Defourney et al. 2014), more is still needed.

12.6 Social Enterprise and Gender

We have remarked earlier that traditional entrepreneurship theories were predicated on a set of assumptions about the role of this individual and that those assumptions became a priori accepted in much of the academic discourse. Key to those assumptions is that the entrepreneur was male (Carter et al. 2012). Before the 1970s entrepreneurship studies concentrated exclusively on men, and indeed for Collins and Moore (1970), engaging in entrepreneurial activity was a way to prove ‘maleness’. Not until 1975 did a paper appear exploring entrepreneurial motivation in women in the United States (Schreier 1975), and it was almost a decade later until one appeared in the United Kingdom (Goffee and Scase 1983). This absence of female perspectives on entrepreneurship is key to understanding the nature of perceived wisdom as to the motivations of entrepreneurs. As a whole the academic community simply did not question enough the inherent gender biases which underpinned conceptions of entrepreneurship. Nor did it recognise that the methodological techniques used to develop research served to set and embed a series of ‘norms’ which defined what entrepreneurship was (Schreier 1975). As Carter and Cannon (1992) pointed out, ‘Although women business owners were afforded separate recognition, their activities and experiences were compared to those of their male counterparts, embedding masculinity as the normative standard’.

Hamilton (2006) has shown, for example, how within family-owned firms the traditional narrative of the ‘heroic male’ owner-manager and the ‘invisible women’ holds sway. She argues that businesses often create these constructions as presentations to the outside world, and yet the academic discourse accepts this narrative. ‘The entrepreneurship and family business literature commonly reflects and reinforces the relative silence and invisibility of women in entrepreneurial discourse. Embedded in that discourse is the assumption that the leadership involved in founding and running a business is most naturally male’ (p. 256).

In more recent years, the academic attention to female entrepreneurship has increased focusing on self-employment (Berner et al. 2012; Peredo and McLean 2006; Seelos and Mair 2005) and access to finance

(Cervelló-Royo et al. 2015; Garikipati 2008; Kabeer 2001; Ngo and Wahhaj 2012; Weber and Ahmad 2014). Nevertheless there remains a significant gap in our ability to explore entrepreneurship, whether ‘for-profit’ or not from a gendered perspective (Ribes-Giner et al. 2017).

A significant factor in this gap, particularly for social enterprise, is that female businesses, especially in the developing world, tend to be less formally recognised. As a result they are more likely to be left out of large-scale quantitative studies which are therefore likely to overstate the male role in entrepreneurial activities (Datta and Gailey 2012).

Nevertheless such businesses make up a significant part of the global economy and are much more likely to re-invest any profits into a social purpose (VanderBrug 2013). If we are to truly understand the context of which social entrepreneurial motivations behaviours manifest, we must widen our definitions to include business ventures which do not fit pre-conceived legalistic structures. Only by so doing can we recognise the role of such businesses in social and economic value creation (De Bruin et al. 2006; Kassam et al. 2002). Datta and Gailey (2012) have, for example, pointed out Indian examples whereby social enterprises through collective effort and not via the actions of ‘a heroic individual social entrepreneur’.

In doing so they build upon the seminal feminist perspective of entrepreneurship provided by Calas et al. (2009). For these authors the language of entrepreneurship, embedding and embedded, as it is within concepts of ‘male as norm’, understands entrepreneurial activities as unanimously positive and predicated upon the discovery and exploitation of opportunity. They argue that by locating thus within an economic paradigm whereby the primary metric of success is financial growth the concept becomes limited. Rather they propose the redefinition of entrepreneurship to be ‘a process of social change which can be understood without attention to economic or managerial logic’ (Calas et al. 2009, p. 553). In doing so they have opened up a new and exciting perspective on entrepreneurship which allows for female social entrepreneurship to be explored in a completely new way.

Gone is the need to define social enterprise by its hybridity—its relationship to for- or not-for-profit organisations. Now there is no such thing as an entrepreneurship and social entrepreneurship—divided by

their conceptions of financial gain. Rather all entrepreneurship is inherently social. This perspective allows researchers to re-evaluate their understanding of entrepreneurial motivations regardless of the legalistic structures imposed upon their organisations. This new perspective has been taken up by a series of authors exploring female social entrepreneurship—if the term is still relevant under this conception—whereby the primary focus is not upon the act of revenue generation but upon the role of entrepreneurship as a mechanism for female empowerment (Kimbu and Ngoasong 2016; Kwaramba et al. 2012).

Nevertheless significant gaps in the research still exist. We are unsure, for example, of the relationship between female social entrepreneurship and community norms (Amine and Staub 2009; Huysentruyt 2014). However, as we start to address these issues, it appears that we will once more be brought face to face with the fact that the motivations of social entrepreneurs are not singular nor are they easy to define. Rather they are socially specific and rely on the context within which they are developed.

12.7 The Mythos of the Social Entrepreneur

We have seen how the behaviour and motivation of the social entrepreneur is dependent upon their geographical context, the support or lack of it for social entrepreneurship at an institutional level and our own understanding of the gendered conception of entrepreneurial activity.

No longer should the mythos of the social entrepreneur superhero hold sway. Rather we can now accept that the social entrepreneur is a socially constructed agent. While a significant number of papers have supported this perspective of the entrepreneur (Chell 1985; Delmar and Davidsson 2000; Gartner 1988; Steyaert 2007; Drakopoulou Dodd and Anderson 2007) and others have done so for social entrepreneurs specifically (Spear 2006; Parkinson and Howorth 2008; Mort et al. 2003; Sharir and Lerner 2006; Corner and Ho 2010; Moizer and Tracey 2010), it is worth exploring why the mythos still exists.

Firstly, the individual entrepreneur (whether social or not) is easier to comprehend and understand. In television programmes, in films, in

many undergraduate enterprise courses, the individual entrepreneur holds sway. Stood on a pedestal, looking down at his (and it's normally 'his') doubters and critics, he shows us that success is within our grasp. We just have to want it enough and work hard enough.

Secondly, the vision of the social entrepreneur superhero is marketable. Discussing 'for profit enterprise', Aarons-Mele has argued that 'Fed by media and online coverage of an idealised lifestyle, this "entrepreneurship porn" presents an airbrushed reality in which all work is always meaningful and running your own business is a way to achieve better work/life harmony'. For social entrepreneurs, this is particularly true. Not only can someone start up their new company but they can change the world too. From the *Forbes* article '5 clever hacks to becoming a social entrepreneur' to the London School of Economics blog 'Could you have what it takes to become a social entrepreneur?', all one has to do is attend the course, read the book, fill in the form and a life of independence while achieving social good can be yours.

Thirdly, for policy makers, the concept of social enterprise, bringing together the competitive elements of the private sector within a framework of social service, is often too tempting an idea to overlook. When David Cameron, for example, (perhaps the senior politician who did more to promote the concept of social enterprise than any other) explained his conception of the big society upon becoming Prime Minister, he stated that he wanted to 'support the creation and expansion of mutuals, co-operatives, charities and social enterprises, and support these groups to have much greater involvement in the running of public services' (Cabinet Office 2010) By doing so he hoped to achieve 'A deep and serious reform agenda to take power away from politicians and to give it to people. That's because we know instinctively that the state is often too inhuman, monolithic and clumsy to tackle our deepest social problems. We know that the best ideas come from the ground up, not the top down. We know that when you give people and communities more power over their lives, more power to come together and work together to make life better – great things happen' (Cameron 2010).

Here then are the three key factors which maintain the mythos of the social entrepreneur. An individual with the right skills and determination to succeed, but with a social conscience who cares for others and for the

planet. And who is able to develop innovative solutions to problems which cannot be tackled in traditional ways. No wonder the concept is so appealing to so many.

12.8 But What of the Reality?

We have shown that social enterprise is a socially constructed concept. Based for some upon the mythos of the entrepreneur, it is the opportunity to use personal traits to solve social problems. However, notions of social enterprise and conceptions of enterprise are geographically specific and predicated upon levels of institutional support from state, society, and individuals. Furthermore the very concept of a 'social' enterprise is predicated upon the notion of a 'non-social' or 'for-profit' enterprise, and this concept excludes significant amounts of female entrepreneurial activity. If we redefine enterprise, as Calas et al. (2009) would have us do, as the implementation of social change, then the conception of motivation and behaviour becomes very different.

However, while there may be no singular set of social entrepreneurial behaviours and motivations, does this mean that the concept of the social entrepreneur as superhero may have to remain a comic book fiction? I would argue that it does not need to be completely thrown away. Social enterprise is clearly an existent phenomenon. It may have different properties in different geographies or for different communities, but it also has a shared core, a focus upon achieving a social aim through a set of non-philanthropic activities. It follows therefore that such a core has a set of motivations and behaviours linked to the actors involved.

The search for such behaviours offers an exciting opportunity for scholars to develop research within this field. Whether that be the development of psychological theories exploring the nature of a social entrepreneurial mind-set, traditional economic theories (perhaps an intriguing revisiting of Smith's (1759) notion of moral sentiment), or the development of sociological explorations of social enterprise, there is clearly an opportunity for the development of an exciting new era of multi-disciplinary research and discovery.

Such research could develop in a number of ways. Firstly there is a need to further advance the study of the importance of context and social norms in the creation of social entrepreneurs. The review here of different geographies and the importance of gender is a starting point, but much more can be done around specific factors connected to different industries and sectors, the importance of national culture and national institutional support. Secondly researchers should develop and explore the key predictors for such behaviour, for example, the previous experience of social entrepreneurs, their training and backgrounds, the role played by gender and ethnicity, and how they utilise any cultural capital they may have. Thirdly the dependency upon case studies which underpins much social enterprise research is useful, but the discourse needs a greater theoretical underpinning if it is developed more fully. This requires the development of a wider quantitative approach embracing larger samples and creating theoretic generalisations.

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13

The Same but Different: Understanding Entrepreneurial Behaviour in Disadvantaged Communities

Thomas M. Cooney and Michelle Licciardi

13.1 Introduction

It is broadly agreed that the origins of entrepreneurship theory stem from an economics background. Early literature on the topic identified the entrepreneur as risk-taker, innovator, supplier of financial capital, decision-maker, industrial leader, co-ordinator of economic resources, employer of factors of production and proprietor of an enterprise. In more recent times, the work has diversified to include differing schools of thought that have their foundations in areas such as management, psychology and sociology. Some commentators would suggest that Gartner (1988) altered the traditional discussion concerning entrepreneurship from a focus on the person to an examination of the behaviour of the entrepreneur. Gartner contended that an entrepreneur was someone who identified a business opportunity, accumulated resources, marketed the

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product or service, and created an organisation. Bygrave and Hofer (1992) extended this contention by highlighting the notion of entrepreneurship as a process which involves all functions, activities and actions associated with perceiving opportunities and the creation of organisations to pursue them. They further suggested that entrepreneurship does not occur unless there is a risk of losing personal capital. It was broadly assumed within these discussions that all entrepreneurs (of whatever background) will go through similar experiences of entrepreneurial behaviour.

According to Schumpeter (1934), an entrepreneur is someone who carries out new combinations. Schumpeter described entrepreneurship as 'creative destruction', whereby established ways of doing things are destroyed by the creation of new and better ways. He suggested that an entrepreneur seeks to reform or revolutionise the pattern of production by exploiting an invention or by opening up a new source of supply of materials or a new outlet for products. He believed that an entrepreneur was someone who gathered resources, organised talent and provided leadership. It could be argued that the three driving forces of entrepreneurship of opportunity, resources and team in the Timmons model (see Timmons et al. 1994) are akin to Schumpeter's concept of an entrepreneur. Likewise, Drucker (1985) viewed entrepreneurship as occurring when resources are redirected to progressive opportunities, not to ensure administrative efficiency. However, when one considers these interpretations, it could be questioned if entrepreneurship is equally accessible in all contexts and if potential or nascent entrepreneurs from the non-mainstream society experience entrepreneurship in a similar manner.

Until the early 1980s, adult males were the primary focus of research relating to entrepreneurship (Watkins and Watkins 1983). Other profiles or communities were so peripheral to studies that employment figures were not even recorded for females until recent decades. Stevenson and Lundström (2001) claimed that the use of inclusion policy was a potential solution to the marginalisation experienced by minority and disadvantaged communities, and they distinguished the different ways a government can stimulate entrepreneurship amongst under-represented groups. Their proposed targeted policy measures included creating enterprise centres, promotion activities, entrepreneurship awards, counselling,

training and advisory support. It was suggested that through these policy initiatives, minority and disadvantaged communities could be better equipped to overcome the entrepreneurship challenges they endure which differ from those experienced by the mainstream society.

While the term 'minority entrepreneur' is used significantly in the literature, its meaning can be quite varied as sometimes it is used to reference immigrants, other occasions it relates to ethnicity, while more generally it is used to describe people from communities who are under-represented in terms of entrepreneurial activity. Similarly, the term 'disadvantaged' can have many interpretations and so finding a common understanding relevant to entrepreneurship can be challenging. In recent years, the Organisation for Economic Cooperation and Development (OECD) has published a series of reports called 'The Missing Entrepreneurs' (OECD 2013, 2014a, 2015, 2017), which have sought to identify the key challenges faced by potential and nascent entrepreneurs from minority and disadvantaged communities, and these reports offer recommendations that policymakers could undertake to help reduce existing challenges for 'missing entrepreneurs'. In these reports, the 'missing entrepreneurs' have been identified as belonging to the following communities: women, youth, seniors, unemployed and immigrants. Galloway and Cooney (2012) highlighted the adversities facing 'silent minorities' and identified gay, disabled, NEETs (Not in Education, Employment or Training) and ex-offender communities as being disadvantaged in terms of entrepreneurial behaviour. Wood et al. (2012) identified eight 'minorities in entrepreneurship', which included indigenous entrepreneurs (e.g. Aborigine, Māori) amongst those communities that have already been mentioned above. Therefore, to consider entrepreneurial behaviour amongst minority or disadvantaged communities involves a broad array of communities and selecting those worthy of discussion for this chapter was challenging. The communities selected for analysis were the ones which were considered of most value to the book because additional knowledge would be contributed to the overall learning presented across the various chapters. In discussing the different communities, some broad conclusions have been generated concerning the additional and distinctive challenges faced by minority and disadvantaged entrepreneurs when starting their own business and recommendations offered regarding how policymakers might respond.

13.2 Immigrant Entrepreneurship

Over the past 20 years, the term immigrant entrepreneurship has been used interchangeably with ethnic entrepreneurship, minority entrepreneurship and several other terms when discussing the entrepreneurial behaviour of immigrants (Carter et al. 2015). Chrysostome and Lin (2010) asserted that immigrant entrepreneurs (IEs) cannot be analysed and researched as a single homogeneous group of entrepreneurs since they come from various cultural backgrounds and have a range of reasons for starting a business. The Global Entrepreneurship Monitor (GEM) Report (2016) identified opportunity entrepreneurs (OEs) and necessity entrepreneurs (NEs), whereas Chrysostome and Lin (2010) categorised opportunity-driven immigrant entrepreneur (ODIEs) into four different categories: global immigrant entrepreneurs, traditional or ethnic OEs, transnational immigrant entrepreneurs and diaspora entrepreneurs. Furthermore, Reynolds et al. (2002) concluded that different types of immigrant entrepreneurs will have a different influence on the host country's economic development, monetary gains and entrepreneurial outcomes, and therefore the variances in entrepreneurial behaviour across assorted ethnic groups needed to be understood.

Recent studies on immigrant entrepreneurship have focused on the various influences involved, such as their education in their home or host country (Peroni et al. 2016), previous entrepreneurial endeavours in either location and level of management achieved (Fatoki 2014), length of residency in their host country (Wang and Warn 2018), the degree of integration (Light and Bhachu 2017), forms of capital (Dodd et al. 2016), rural or urban setting (Tamásy and Diez 2016), ethno-cultural factors (Lai et al. 2017), role of enclaves (Andersson and Hammarstedt 2015) and power of the diaspora (Elo et al. 2018). Such a list of topics illustrates the breadth of influencing factors relating to immigrant entrepreneurship and the challenges facing policymakers when seeking ways to engender greater levels of entrepreneurial activity from within immigrant communities. Shinnar and Young (2008) asked if there should be a deeper exploration of motivations (the widely discussed push or pull factors) when exploring immigrant entrepreneurship, while Ndofor and Priem (2011) wondered

if greater examination should be given to the function and power of ethnic enclaves. Indeed, such is the complexity of the topic that one could argue that more than economic and business research is required, and that other scientific researchers (such as anthropologists and sociologists) should also be part of immigrant entrepreneurship studies. Assessing where greatest value can be offered, in terms of either research or policy, remains a challenging proposition within this topic.

It should be noted that the rate of entrepreneurial activity by immigrants is generally greater than that found amongst the native population (Naudé et al. 2015). An OECD (2011) study of all OECD countries found that the percentage of immigrant entrepreneurs starting a business is higher than that for natives (12.6 per cent versus 12.0 per cent), but the survival rate of immigrant-owned businesses is lower than that for businesses started by native entrepreneurs. The study also found that an immigrant entrepreneur who owns a small or medium firm creates between 1.4 and 2.1 additional jobs, slightly less than their native-born counterparts (1.8–2.8). According to Desiderio and Salt (2010), the general approach by policymakers is to help immigrant entrepreneurs through mainstream business support programmes and simultaneously offer some targeted and structural policies to create an environment conducive to immigrant entrepreneurship. However, such approaches do not recognise the distinctive challenges faced by immigrant entrepreneurs, such as reduced access to finance, poor language capabilities, lack of networks, issues of trust with the local population, limited understanding of the local ecosystem, racism and low managerial experience due to blocked mobility (Deakins et al. 2007; Masurel et al. 2004). Furthermore, every country is different in terms of its physical, economic, social, cultural, environmental and political characteristics (as are the countries of origin), which means that nascent immigrant entrepreneurs are emerging across diverse environments and their motivations, level of innovation, start-ups and endurance must be considered within their different contexts. Some researchers have proposed a mixed embeddedness framework (e.g. Jones et al. 2014) to underpin the factors prompting immigrant entrepreneurs and have suggested that such an approach might inform policymakers regarding the nature of the support that can be provided to maximise the potential of immigrant entrepreneurs.

The European Commission (2016) published a guidebook titled *Evaluation and Analysis of Good Practices in Promoting and Supporting Migrant Entrepreneurship*, which proposed the essential components required for the successful promotion of immigrant entrepreneurship. These were structured into ten dimensions (visibility, networking, legal and regulatory advice, individual business support, group business training, mentoring, access to finance, facilities provision, language and cultural sensitivity and impact), and practical suggestions were presented with each dimension. It was argued that the multidimensionality of the support provided is fundamental to successful outcomes and broadly this should comprise of three extensive dimensions: competences and skills development, provision of social capital and tangible needs. The evaluation of good practices also established that cohesively blending several complementary supports will empower nascent immigrant entrepreneurs to circumvent the gamut of barriers encountered in starting up, managing and expanding their businesses in their host country. Cooney and O'Flynn (2008) highlighted that policymakers frequently do not understand the additional and distinctive challenges faced by immigrant entrepreneurs and commonly believe that ensuring that immigrants have access to mainstream supports is enough to satisfy their needs in terms of engendering entrepreneurial behaviour. They also regularly fail to recognise the substantial potential that immigrant entrepreneurs conceivably offer in terms of export activity and transnational diaspora entrepreneurship. If immigrants were viewed as an economic resource rather than as a social problem, then the true prospective value might be given greater recognition by politicians and policymakers.

13.3 People with Disability

According to WHO (2014), approximately 15 per cent of the world's population live with some form of disability, but Cooney (2008) has highlighted that their rate of employment and pay is very poor relative to people without disability. Despite this global problem of people with disability securing gainful employment, the study of entrepreneurial behaviour for people with disability has been scant. It is curious why more

studies have not been undertaken on this topic given the size of the community, particularly as Grandin and Duffy (2008) observed that self-employment allows people with disability to focus on their strengths and working preferences. Self-employment also permits improved accommodation of their disability and if successful can result in their increased social and economic emancipation. According to Meager and Higgins (2011) and Pagán (2009), self-employment for people with disability may well offer the capacity to self-manage suitable tasks whilst working in a manner, location and within timeframes that do not add to the challenges of a person's ability to work. However, Meager and Higgins (2011) and Lechner and Vazquez-Alvarez (2011) emphasised that the type and gravity of a disability and the impairment physiognomies directly affect the levels of participation, types of occupation and potential income. Jones and Latreille (2011) attributed pull factors to the motivations behind people with disability engaging in entrepreneurial behaviour, but Foster (2010) ascribed it to push factors. Some recent studies have sought to explore the criteria and influence on entrepreneurial behaviour for people with disability (e.g. Rozali et al. 2017), but to date much of the research has been fragmented and with limited sample sizes.

In seeking to understand the distinctive challenges faced by people with disability engaging in entrepreneurial behaviour, research studies by the OECD (2014b) and Kitching (2014) have identified the principal barriers as follows:

- Access to finance, the application processes and bureaucratic difficulties.
- The knock-on effect of illness and stress, which directly influences a person's readiness and capacity to commit.
- Information about enterprise supports and the fact that they may not be adequately tailored towards or reaching the targeted population.
- Lack of business knowledge, skills and access to business networks which are more prevalent amongst people with disability than for people without disability for a number of underlying and cross-cutting reasons.
- The absolute fear of losing benefits and the impact it will have on their ability to pay housing and medical costs.

- Absence of applicable and perceptive business supports and the lack of comprehension of the range of disabilities and additional disadvantages a person may be facing.

Kouriloff (2000) contended that it is a combination of psychological, socio-cultural and political barriers that deters disabled people from starting a business, whereas Parker Harris et al. (2014) suggest that concerns by family and friends is a reason people with disability may have a real fear of failure, in addition to having doubts about their entrepreneurial experience, a lack of management skills and poor financial mastery. Renko et al. (2016) found that the barriers that people with disability face in other societal domains may also hamper their entrepreneurial entry and that nascent entrepreneurs with disabilities are significantly less likely to emerge from the firm gestation process as owners of operating businesses. The results of these studies endorse the perspective that the additional and distinctive challenges faced by people with disability have a negative impact on their entrepreneurial behaviour.

For the situation to change, policymakers must appreciate the heterogeneity of disability impairment characteristics if appropriate and effective solutions to these obstacles are to be implemented. The OECD (2014b) found that many enterprise support agencies are not perceived to be disability inclusive, disability aware, disability sensitive or disability supportive, plus they highlighted that few agencies proactively target people with disabilities. The study also identified that not all enterprise support agencies have it within their remit to support people with disability, while those who have it within their remit are frequently not actually making any real or lasting impact. While disability policies theoretically reflect the fact that self-employment is a viable and sometimes preferred option for people with disability, the European Commission (2015) reasoned that the sustainability of businesses by entrepreneurs with disabilities may not always be an appropriate objective for public policy because supporting low-value-added businesses in highly competitive industries may only delay an inevitable business exit. Indeed, Renko et al. (2016) found that enterprises found by people with disability are less likely to result in the emergence of a viable organisation than the efforts of those who are not disabled. The European Commission

(EC) further contended that when policymakers do intervene, they should prioritise interventions that increase the entrepreneurs' skill levels so that they have a better chance of finding employment if their business does not survive. Some researchers concede that new supports are not necessarily required, but instead they should be 'disability proofed' by experts and users, be inherently adaptable and customisable to the needs of the wide range of different types of disabilities (Doyel 2000). McQuillan (2013) advocated that any self-employment initiatives for people with disability should incorporate a universal set of success factors such as project advocates and champions, person-centred planning, generating business ideas based on interests, supports, peers as role models, openness to risk and failure, viewing self-employment as an option, self-confidence and inclusion, plus building on local resources, networks and enterprise supports. McQuillan emphasised that the current targeting and promotions of programmes suffered from a lack of pre-start-up confidence-building training for beneficiaries, insensitive or untrained advisors, a dearth of networking support, poor dissemination of good practice and a lack of showcasing of success stories. Indeed, there have been some demands for more involvement and mentoring from successful entrepreneurs (both mainstream and entrepreneurs with a disability) and the creation of a forum for a peer support network (Maritz and Laferriere 2016).

Overall, it could be argued that any new entrepreneurship initiatives for people with disabilities will require real commitment and connected, open-minded thinking, not necessarily new specific programmes, just a more informed, sensitive approach. The availability of specialist equipment made available through outreach support programmes and disability 'hotspots' where peers can meet each other and advisers would also be very helpful. Stakeholders may need to agree that the barriers are widely acknowledged and that it is now time for policies to be implemented in conjunction with leading best practice and an evaluation process. Differences in impairment characteristics should influence policy attempts to involve and support these entrepreneurial capabilities, as each disability category (intellectual, physical, mental, sensory) demands different forms of support. New initiatives may also need to determine why there is an overreliance on social welfare benefits, progression schemes and voluntary community-based schemes, and it also may be necessary to

establish why it seems to be so difficult to offer tailored support around individual requirements and spectrums. Larsson (2006) found that in Sweden, entrepreneurs with disabilities were more likely to work part-time on their businesses because of the nature of the challenges that they face, but this form of entrepreneurial behaviour can be changed given appropriate support. However, the limited availability of research on the topic has meant that policy regarding entrepreneurship for people with disability (as opposed to labour market participation) is a recent enough phenomenon and has resulted in multi-layered and sometimes conflicting policies across different government departments, and occasionally incompatible objectives and desired outcomes.

13.4 Youth

In January 2018, 3.646 million young persons (under 25) were unemployed in the EU28, which meant that the youth unemployment rate was 16.1 per cent compared with 17.6 per cent in January 2017 (Eurostat 2018). Given that almost 74 million young people (aged 15–24) were looking for work globally in 2014 (GEM 2015), some researchers (e.g. Bertelsmann Stiftung 2016) argued that the impact of long-term unemployment can scar youth with negative outcomes on their physical and mental well-being. They also suggested that long-term unemployment damages their trust in society and adversely affects their prospects of employment, thereby increasing the risk of social exclusion. The substantial level of youth unemployment across the globe in recent times has created an unprecedented challenge for policymakers and future forecasts validate the need for an immediate, robust and coordinated solution. Academics, practitioners, policymakers and enterprise support agencies have been urgently examining youth entrepreneurship in order to propose policy approaches and frameworks for the development of relevant initiatives at national, regional and local levels. Given the scale of the problem, it is arguable that youth entrepreneurship policy requires revolutionary and comprehensive action plans and timeframes, plus they must be inclusive and be capable of engendering entrepreneurial behaviour amongst young people.

Knowledge focused specifically on the entrepreneurial behaviour of young people is still comparatively limited due to gaps, contradictory findings and the deficiency in evidence on impact and outcomes. Much of the early research on youth entrepreneurial behaviour tended to treat young individuals like their older counterparts (Lewis and Massey 2003), and so policymakers habitually missed guidance on matters regarding whether unique advisory and support initiatives should be developed for the young versus the old (Minola et al. 2014). Llisterri et al. (2006) asserted that youth entrepreneurship has benefits other than self-employment because it directly results in increased levels of conversion into paid employment within three years in comparison to the disappointing transition outcomes from unemployment. However, Ceptureanu and Ceptureanu (2015) noted that young people face specific challenges preventing some youths from turning ideas into business and that these challenges include social attitudes, lack of skills, inadequate entrepreneurship education, lack of work experience, lack of capital, lack of networks and market barriers. Research by the OECD (2017) found that approximately two-thirds of youth view entrepreneurship skills as a barrier to business creation, whilst almost half of young people in the European Union (EU) say that fear of failure is a major barrier to entrepreneurship.

It has been suggested that NEETs will face the same obstacles of all young entrepreneurs, but that the magnitude and after-effects of their situation is much more serious for society. According to Eurofound (2011), NEETs are also more likely to be disabled, have a migrant background, have a low level of education, live in remote areas, have low household incomes and have parents who experienced unemployment. This category has proven to be the most resistant to all policies and programmes (particularly those initiatives seeking to alter low levels of skill and capital) and has led to global discussions amongst stakeholders as to whether policy should focus on those with the greater chances of success or those with the greatest needs, although ignoring NEETs will have significant future costs and consequences. Therefore, a distinction needs to be made between disadvantaged youth (unemployed, inactive, marginalised environment, significant gaps in financial, human and network capital, role models and family support) and other youth. An OECD

(2010) report titled ‘Shooting for The Moon’ offered some guidelines on good practice criteria in local youth entrepreneurship and can be used as a tool to self-assess and re-orientate strategies, structures and practices. It also sub-divides support into three dimensions (opportunity creation, entrepreneurship education and start-up support), which is very helpful for policymakers in terms of resource allocation.

Increased entrepreneurial behaviour by young people cannot single-handedly solve youth unemployment but it most certainly has a vital role to play in assisting entry into the labour market for youth with the drive and determination to become entrepreneurs. When designed appropriately, government policies and programmes can empower youth to contribute and feel included in society, plus enable them to start on the road to economic independence and increased self-esteem. Governments benefit from the reduction of pressure on the exchequer, increased revenue and the multiplier effect that the harnessing of this aptitude, passion and social energy provides to a country in today’s fast-paced and competitive economic environment. There is an awareness that policy initiatives must also engender the development of ‘soft skills’ and increasingly policy documents include specific and measurable actions relating to the development of such skills. Generally, the key to success is how governments implement such policies, the accompanying budget they provide to support these policies and how the policy guidelines are adopted in a collaborative approach by a diverse range of stakeholders.

13.5 Gay Entrepreneurship

Wood et al. (2012) suggested that one of the reasons for the omission of gay people from the study of entrepreneurship was due to other areas (such as human rights) being prioritised by researchers. Gay people are narrowly understood in terms of entrepreneurial behaviour, with early discussions probing their distinction from heterosexual entrepreneurs (Lukenbill 1995; Levin 1998; Varnell 2001), although more expansive work has begun to develop in the field in recent times (Redien-Collot 2012; Marlow et al. 2018). The literature suggests that the emergence of the ‘pink pound’ (Fry 1997; Wood 1999) led to a new level of investigation

of gay people as the market gained a strong reputation for having strong spending power (Branchik 2002; Sender 2004; Buford 2005). The value of the gay market has been suggested as having positive implications for the visibility of the community (Chasin 2000) and this is arguably the case for gay entrepreneurs who originally appeared in research about the gay market (Lukenbill 1995). With the rising financial interest in the gay community, the demand for solid market information increased. Reports and articles began to appear on the topic (e.g. Lukenbill 1995; Fry 1997; Wood 1999; Chasin 2000), eventually leading to studies relating to the entrepreneurial behaviour of gay entrepreneurs.

While an entrepreneur who is gay may experience greater incentives for starting a business due to career issues such as blocked mobility, they will certainly endure greater challenges to self-employment than experienced by heterosexual entrepreneurs (Kidney and Cooney 2014). In addition to meeting the conventional difficulties that any entrepreneur experiences in starting a business, a gay entrepreneur must also overcome complex problems such as prejudice and discrimination in the market place, and in the pursuit of enterprise support and venture capital (Kidney and Cooney 2014). Furthermore, institutional inequality exacerbates cultural marginalisation (Baker et al. 2004), albeit membership of the gay community increases in-group salience and identification, which can deconstruct homophobic behaviour through solidarity. Early research by Levin (1998) suggested that a gay entrepreneur was likely to target the gay community for custom or to identify a niche opportunity for gay products/services. This form of entrepreneurial behaviour is akin to that found amongst immigrants, although the gay market is frequently larger and wealthier than many immigrant communities. Levin also identified that gay-owned businesses were contributing positively to the gay community, while Schindehutte et al. (2005) submitted that their entrepreneurial behaviour was frequently considered as 'giving back'.

Government institutions which have been influenced by religious philosophies frequently do not provide equal benefits to gay people. Heterosexual married couples can take advantage of tax benefits, but this assistance is not available to gay couples who live in countries where civil unions or gay marriage are not legal. Regardless of how long a gay couple have been in a partnership, their rights as a significant other are overlooked

and even frowned upon by conventional political parties. Many countries provide tax incentives for employing a spouse and this relief can make a significant difference when hiring the first employee in a new business. Unfortunately for a gay entrepreneur, life partners cannot gain from this tax break in countries where gay marriages are not recognised. The constitutional rejection of gay rights to the same benefits that heterosexuals receive negatively influences the entrepreneurial behaviour of gay entrepreneurs as it places additional and distinctive challenges to starting (or selling) a business that the heterosexual community does not endure. Feelings of self-doubt or low self-esteem caused by societal intolerance can also increase a gay person's perception of risk and will have a negative effect on entrepreneurial behaviour within the community. On the other hand, institutional discrimination can also act as a 'push' factor and inspire people to break prejudicial traditions by profiling their strength and success as an entrepreneur. Yet, the negative effects of institutional discrimination prevail over the positive, leaving a durable impediment regarding entrepreneurial behaviour in the gay community. For example, Wilkinson and Kitzinger (1994) discussed how members of the majority population possess 'safe' and 'uncontested' identities and that this dominant group feels no need to assert itself or claim its heterosexuality. Therefore, heterosexuals have no need to 'come out of the closet' or confess to their parents that they are straight, but a gay entrepreneur faces the dilemma of deciding whether to 'come out' as a business, a facet of entrepreneurial behaviour that is greatly underexplored in the literature. Inevitably, there are some advantages and disadvantages to identifying a business with its owner's sexuality as business from within the gay community may increase as gay consumers may feel more appreciated and accepted, but such a business also runs the risk of enduring religious boycotts, stigma and hate crime in a hostile environment. They are frequent instances of homophobic graffiti littering the walls of businesses owned by gay entrepreneurs (Kidney and Cooney 2014) and in such environments it is not advantageous for a gay entrepreneur to express their sexuality and this causes them to alter their entrepreneurial intentions and behaviour.

It has also been suggested that groups that suffer discrimination (such as minorities) generate proportionately more entrepreneurs than

mainstream communities (Bridge et al. 1998) and certainly there is evidence that gay people find it more difficult to gain and sustain employment (Tilcsik 2011). Therefore, it is arguable that a gay person does not overcome the barriers to entrepreneurship willingly, but out of necessity and in response to rejection from the greater society. Willsdon (2006) highlighted that policymakers assume gay entrepreneurs cannot be researched as it is uncommon for members of the gay community who are self-employed to distinguish themselves from heterosexuals at this level. However, to generate higher levels of entrepreneurial activity from within the gay community, the business environment needs to understand the benefits, challenges, barriers and incentives exclusive to gay people. Indeed, understanding the factors that distinguish entrepreneurial behaviour amongst gay business people from heterosexuals can lead to the development of a comfortable environment to foster gay entrepreneurial activity. For example, one potential solution for overcoming the barriers to entrepreneurship is the establishment of a gay enterprise zone, areas that can be found in many major cities such as London, Paris and San Francisco. Although this solution cannot offer a resolution to problems such as institutional inequality, an enterprise zone such as the gay 'ghetto' in the Marais district of Paris can profile the gay lifestyle as a common way of life (Kidney and Cooney 2014) and thereby 'normalise' activities such as entrepreneurial behaviour. In addition to the social implications of promoting equality, the economic benefits offered to the gay entrepreneur are substantial as gay consumer demand can be met more appropriately with gay supply. The 'gay ghetto' offers a relaxed and affluent market place in which a gay entrepreneur can start up without facing many of the barriers perceived in the greater society. Castells (1983) detailed the 'transition from the bars to the streets, from the night time to day time, from 'sexual deviance' to an alternative lifestyle', which transformed areas of Paris into self-sustaining gay communities. Krugman (1996) observed that such transformation occurs when a population grows so that it is enough to foster and sustain a gay district. Krugman described how an economic benefit of the appearance of a gay urban space is the further creation of secondary businesses; thus a gay business becomes a self-replicating entity with the potential to also encourage entrepreneurial behaviour amongst

other communities. While the concept of gay business districts creates opportunities for gay people (having access to market opportunities), there is also a risk of ghettoisation which may cause the need for 'break-out'. This term has been used in research relating to the entrepreneurial behaviour of ethnic minorities to describe their move from community-serving businesses to more mainstream businesses (Waldinger et al. 1990).

According to Prince (1997), young gay people are increasingly able to make career decisions consistent with their sexual identity development, thereby enabling them to choose a working environment in which they will feel as accepted as their heterosexual counterparts. In some cities, a gay person can choose to work in an environment where the gay community is the majority, such as a gay 'ghetto'. As policy measures worldwide begin to increase the level of promotion which entrepreneurship receives in the economic ecosystem and with the escalating number of countries that legally recognise same-sex marriages, there is ever greater awareness amongst the young gay people of the benefits of starting their own business. While young gay people may sometimes leave employment because of the 'lavender ceiling' effect (Willsdon 2006), having suffered such homophobia in their place of work, self-employment can become the most attractive path for economic advancement. But an individual's response to discrimination can differ from person to person (Willsdon 2006) and this will influence how they engage in entrepreneurial behaviour. People who may consider themselves to be treated as peripheral to society may choose not to reveal their real identity, while others may become an entrepreneur to avoid being treated differently in the workplace (Scase and Goffee 1980). It is arguable that independence through entrepreneurship can allow a person from a marginalised group to evade persecution at the hands of mainstream idealism. This suggests that traditional rewards such as status, independence, wealth and empire building are augmented for the gay person, as freedom from perceived and real discrimination creates an additional motivation for self-employment. Therefore, independence from social exclusion is arguably a powerful motivational actor for entrepreneurial behaviour within the gay community.

13.6 Unemployed

The economic recession of 2008 caused a dramatic increase in the rates of unemployment across the globe. Eurostat (2018) found that unemployment steadily increased between the second quarter of 2011 until the second quarter of 2013, taking it to a record level of 26.5 million people unemployed in late 2013. However, in recent years the rate of unemployment in many countries has generally been falling and employment levels are now returning to pre-economic recession levels. The rate of unemployment in EU countries in April 2018 was 7.1 per cent, which Eurostat (2018) estimated is 17.462 million men and women in the EU28. Fritsch et al. (2015) found that new business formation is higher during recessions than in boom periods, but they found that the effect of unemployment on new business formation is only statistically significant if the level of unemployment is below the trend. The European Commission (2016) highlighted that long-term unemployment can lead to a deterioration of skills and human capital, thereby hindering one's capabilities relevant to entrepreneurial behaviour. The EC also observed that despite much research, policy triggers and programmes, fewer than 5 per cent of unemployed people across the EU transition into self-employment each year and globally the figures remain lower than predictions, while the OECD (2017) determined that there is a higher risk of displacement (whereby a business captures customers from another business, so there is no net economic benefit) with businesses started by unemployed relative to those started by the mainstream population. Therefore, it is suggested that public policy measures should favour start-ups with innovative ideas and the European Commission (2016) has published a policy framework, underpinned by a policy agenda and an emphasis on 'what works', that can be utilised to encourage long-term unemployed to launch sustainable and profitable enterprises.

While encouraging long-term unemployed people to start a business might appear a positive intervention, caution is advised as Block and Koellinger (2009) established that 'unsatisfied entrepreneurs' include individuals starting a business after a period of long-term unemployment and those individuals with a lack of better employment alternatives (i.e.

NEs). But research from the European Working Conditions Survey (2015) accentuated the promise of entrepreneurship for unemployed people by focusing on their potential to contribute to innovation, job creation and economic sustainability, with Caliendo et al. (2014) finding that regional factors, the rural/urban divide and motivation all influencing the entrepreneurial behaviour of the unemployed. However, policymakers are generally grappling with the degree of multiplicity in the findings on unemployed people who have launched businesses and the accountability of 'push versus pull' factors. Much of the recent discussion by policymakers has been related to the type of unemployed people that have become entrepreneurs, whether they are creating jobs and which industries they are entering. Policymakers are also keen to learn if such entrepreneurial behaviour leads to 'genuine self-employment' or if it is a form of 'economically dependent self-employed or bogus self-employed' with only one client and with the blurring of boundaries between employee and self-employed status. Overall, policymakers are struggling to develop appropriate initiatives as there is a scarcity of evidence explaining the entrepreneurial behaviour of unemployed people despite their significance to the economy.

An OECD (2017) report highlighted that policymakers need to be aware that engaging in entrepreneurial behaviour (although a major priority on the agenda) is not a solution for all unemployed people. Zouhar and Lukes (2015) found that nascent entrepreneurship of unemployed individuals was lower for females, youth and people with lower education. They also confirmed the negative impact of unemployment benefits on solo entrepreneurship, but they found a positive influence between active labour market policies and entrepreneurial behaviour that plans to create jobs. It is also imperative that policymakers are cognisant of the detrimental effects of business failure on a cohort of people that are already vulnerable, as Boyce et al. (2015) found that unemployed men and women experienced significant patterns of change in their mean levels of agreeableness, conscientiousness and openness, whereas re-employed individuals experienced limited change. The results indicated that unemployment has wider psychological implications than previously thought and therefore will have a greater impact on entrepreneurial behaviour than formerly understood. In accordance with the European Pillar of

Social Rights (2017), inclusive entrepreneurship policies and programmes can equalise discrepancies in society and change outcomes, but the types and level of support will directly influence the entrepreneurial behaviour of unemployed people and the impact that such initiatives have towards engendering sustainable businesses. Researchers and academics concur that international best practice is to ensure that the entrepreneurial support is presented in a phased manner and can co-ordinate with other agencies to build capacity and address the multiple factors that led to unemployment. Entrepreneurship is theoretically a source of job creation for both short- and long-term unemployed people and can significantly decrease negative outcomes if substantiated by joined-up and carefully considered active labour market policies and programmes.

13.7 Conclusion

The review of the literature offered insights into the additional and distinctive challenges faced by entrepreneurs from different minority and disadvantaged communities in comparison to entrepreneurs who emerge from the mainstream population. These communities face many similar challenges while other challenges are specific to certain communities. It is evident that the way society views these communities has a significant influence on their entrepreneurial behaviour, specifically with reference to the prejudice and discrimination that each community endures in terms of gaining employment which frequently leads to starting a business. Unfortunately, many of these communities also experience the 'glass ceiling effect' in terms of career advancement and this frequently engenders entrepreneurial behaviour. Both the prejudice and discrimination regularly continue into self-employment as was apparent across all communities, but additional common challenges were also evident. Access to finance was a major challenge for each community as many were unable to accumulate their own capital due to their inability to secure high-paid employment (or any employment). The glass ceiling also affected people's ability to secure managerial experience, which is a welcome attribute to possess when starting a business. Furthermore, there was much evidence to demonstrate that enterprise support agencies generally do not

understand that these communities have unique challenges that require tailored support and so the enterprise support offered is the same as that given to the mainstream population. 'We treat everyone the same' is a common cry from the enterprise agencies but in this instance, treating everyone the same is not the solution.

But entrepreneurs from minority and disadvantaged communities also face challenges that are exclusive to their specific community. For example, gay entrepreneurs must decide if they will 'come out' and let it be known publicly that the business is owned by someone from the gay community, which may incite homophobic hate crime against the person or their business. Immigrants have a limited understanding of the entrepreneurial ecosystem in their host country and so are unaware of the legislation and supports regarding business start-ups. Both unemployed and disabled people suffer from the 'welfare benefit trap' and are afraid to start a business because they may lose the only stable income that they currently receive that enables them to survive. This issue has been highlighted by many studies and, generally, it is not possible to leave the welfare system on a phased basis which would be a welcome approach for these communities. Young people do not have work experience and have small business networks, which are significant shortcomings when seeking to start one's own business. Each of these challenges that are exclusive to the specific communities, plus the distinctive challenges that are common across each of the minority communities, ensures that the entrepreneurial behaviour of entrepreneurs from these communities must be different to that experienced by entrepreneurs from the mainstream society.

In seeking a solution to the issues faced by minority and disadvantaged entrepreneurs, policymakers need to consider adopting a new approach to the introduction of targeted initiatives. The normal process is either to introduce macro policies that will improve the general economic environment or micro policies that might include programmes offering supports such as information, training, advice, access to finance, public procurement or export support. Cooney et al. (2018) suggested that a more holistic approach is required for people with disabilities and arguably this approach could also be applied to any minority or disadvantaged community.

Figure 13.1 details the 'Funnel Approach' which suggests that when targeting a minority group, policymakers should begin by introducing an awareness campaign which highlights the opportunity and benefits of self-employment for nascent or potential entrepreneurs. This approach is to ensure that all members of the community being targeted are informed and understand that entrepreneurship is a realistic career option for them when considering their income-generating options. Once they are aware of entrepreneurship as a potential career option, they may wish to gather additional information and so a website that provides tailored information will need to be available. Should a person then wish to understand the mechanics of starting a business, then they should be able to avail of one of the Start Your Own Business programmes that are widely available in many countries. Thereafter, should the potential entrepreneur wish to continue their entrepreneurial journey and if they have received positive feedback regarding the sustainability of their business proposal from the

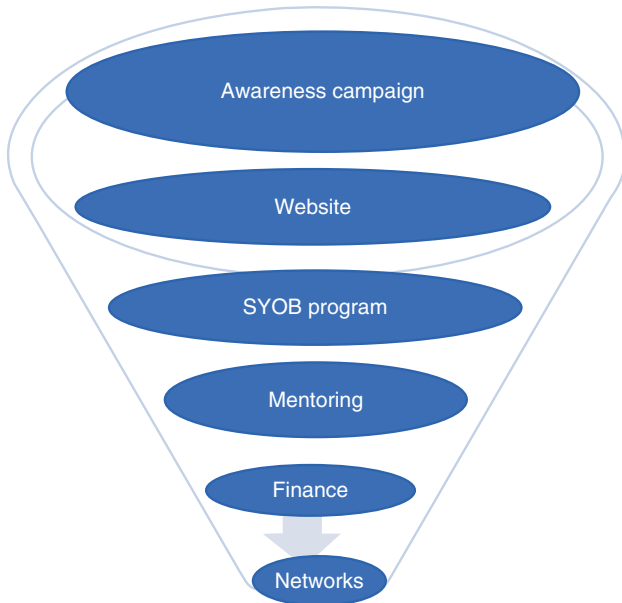


Fig. 13.1 Funnel approach to policy. (Source: Adapted from Cooney et al. 2018, p. 5)

programme provider, then a tailored mentoring programme should be available, where the mentors have been trained both in business and in the etiquette of working with people from minority and disadvantaged communities, and also where the recipients of the mentoring support can expect tailored understanding of their unique challenges. If the business proposal still has merit, then a ring-fenced fund of soft finance needs to be available as access to finance is a significant problem for minority and disadvantaged entrepreneurs. The final stage of the funnel is to create a network that enables entrepreneurs to learn from their peers. The major benefit of the 'Funnel Approach' is that it encourages all members of each community to become involved initially, but through a process of self-selection and business idea elimination, the numbers going through the funnel gradually get smaller and the costlier resources can be targeted at the points where numbers are fewer. For example, mentoring is costly and therefore there is widespread difficulty in sustaining such programmes, but in this model only people who have been through the earlier stages will be eligible for mentoring and so the numbers involved should be small. However, the numbers would be largest at the initial awareness stage, but the costs involved would be relatively modest. This 'Funnel Approach' could also incorporate the existing ecosystem so that the burden on the exchequer is minimised.

Deakin (1996) described how a marginalised community can frequently find it difficult to divorce business from social living and how this can have both positive and negative connotations for an entrepreneur. On one hand, a social network is created and through this network contributions are made towards the sustenance of the business with increased profits and access to different markets. However, on the other hand, a business may also be considered solely as a trader for that community and not an entrepreneur derived from it. Entrepreneurship is a natural expression of personal enterprise, self-sufficiency and initiative (Morrison 2000), yet it is also a means to financial gain, which could suffer if a business were perceived as serving only the limited community from which it is derived. In recent times, there has been an increasing level of discussion by policymakers dealing with the topic of minority and disadvantaged entrepreneurship, but these dialogues have been weakened by the lack of proper understanding of what minority

entrepreneurship represents. Appreciating the substantial differences in how different minority or disadvantaged communities should be considered could lead people to a greater enlightenment about the unique challenges that entrepreneurs from such communities might endure, plus these entrepreneurs will have encountered issues such as racism, ageism, homophobia or many of the other forms of prejudice that such communities must tolerate. Minority entrepreneurs also face challenges that mainstream entrepreneurs are less likely to have to shoulder. They have difficulties in raising finance to get the business started, either due to prejudice or because of a lack of collateral due to their circumstances. They are also less likely to have role models, an element to entrepreneurship that is highly underestimated. Research into minority entrepreneurs (Galloway and Cooney 2012) has highlighted their greater lack of experience in managerial capacities and lower levels of educational achievement due to their social circumstances. People within these minority groups frequently suffer social marginalisation because of the intolerance and discrimination presented by the mainstream society.

Fresh thinking is required by researchers, educators/trainers, enterprise support agencies and policymakers if people from minority and disadvantaged communities are to maximise their economic and social potential. A good starting point to fresh thinking would be to stop viewing these communities as social problems and instead to view them as opportunities for greater rates of entrepreneurial activity. Unfortunately, there is very limited research available which gives insights into the entrepreneurial behaviour of the entrepreneurs from minority and disadvantaged communities, and greater understanding is needed if policymakers are to design and deliver initiatives that are truly appropriate for their needs. There is significant opportunity within these fields for researchers to undertake studies that will lead to greater understanding of their entrepreneurial behaviour, for educators and enterprise support agencies to deliver tailored support, and for policymakers to design policies and programmes that reflect the unique challenges that entrepreneurs from these communities endure when starting a business. All participating stakeholders will enjoy the success of building an inclusive approach to entrepreneurial behaviour and the economic and societal well-being of our countries will also benefit. So, let's get started!

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